

## SENATE

THURSDAY, MAY 4, 1944

*(Legislative day of Wednesday, April 12, 1944)*

The Senate met at 12 o'clock meridian, on the expiration of the recess.

The Chaplain, Rev. Frederick Brown Harris, D. D., offered the following prayer:

Our Father God, refresh our souls and restore our faith as in all the bewilderment of the world's fiery strife our burdened hearts seek the quiet sanctuary of Thy healing presence. By the mute arms of white crosses stretched in alien lands, hallowed by the wordless courage of our fallen sons, by the invincible legions of the dauntless offering their young strength and the full cup of the joyous years to be, to rid their world and ours from the black plague of a pagan cult, comes Thy solemn summons to discipline, to toil, and to ceaseless prayer, for we, too, are soldiers arrayed against the common foe. Thou only art our strong tower and sure defense amid the flood of mortal ills prevailing. Though the air be tremulous with anguish and anxiety, yet will we not fear. Though a host encamp against us, in this will we be confident: Thou makest the devices of the wicked of none effect. The counsel of the Lord standeth forever, the thoughts of His heart to all generations.

Keep our goals clear, our hearts pure, our spirits courageous, as we never turn our backs but march breast forward. In the name that is above every name. Amen.

## THE JOURNAL

On request of Mr. BARKLEY, and by unanimous consent, the reading of the Journal of the proceedings of the calendar day Wednesday, May 3, 1944, was dispensed with, and the Journal was approved.

## MESSAGE FROM THE PRESIDENT

A message in writing from the President of the United States submitting nominations was communicated to the Senate by Mr. Miller, one of his secretaries.

## MESSAGE FROM THE HOUSE—ENROLLED BILL AND JOINT RESOLUTION SIGNED

A message from the House of Representatives, by Mr. Chaffee, one of its reading clerks, announced that the Speaker had affixed his signature to the following enrolled bill and joint resolution, and they were signed by the Vice President:

S. 698. An act to amend part II of Veterans Regulation No. 1 (a); and

S. J. Res. 112. Joint resolution authorizing and directing the Fish and Wildlife Service of the Department of the Interior to conduct a survey of the marine and fresh-water fishery resources of the United States, its Territories, and possessions.

## EXECUTIVE COMMUNICATIONS, ETC.

The VICE PRESIDENT laid before the Senate the following letters, which were referred as indicated:

## PERSONNEL OF THE LAND FORCES

A confidential letter from the Secretary of War, reporting, pursuant to law, relative to the personnel of the land forces on March 31, 1944, in active training and service under the Selective Training and Service Act of 1940; to the Committee on Military Affairs.

## SUSPENSION OF DEPORTATION OF ALIENS

A letter from the Attorney General, submitting, pursuant to law, a report stating all of the facts and pertinent provisions of law in the cases of 92 individuals whose deportation has been suspended for more than 6 months under the authority vested in the Attorney General, together with a statement of the reason for such suspension (with accompanying papers); to the Committee on Immigration

## LEGISLATION ENACTED BY LEGISLATIVE ASSEMBLY, VIRGIN ISLANDS

A letter from the Acting Secretary of the Interior, transmitting, pursuant to law, copy of legislation passed by the Legislative Assembly of the Virgin Islands (with an accompanying paper); to the Committee on Territories and Insular Affairs.

## PETITIONS AND MEMORIALS

Petitions, etc., were laid before the Senate, or presented, and referred as indicated:

## By the VICE PRESIDENT:

Resolutions adopted by the twenty-fourth annual conference of the Western Association of State Game and Fish Commissioners at Phoenix, Ariz., as follows:

A resolution protesting against the practices and activities of the Department of the Interior and Truckee-Carson Irrigation District, Nevada-California, with respect to hunting, fishing, and trapping upon the public domain on custodial lands;

A resolution favoring the enactment of legislation to amend the Federal-Aid and Wildlife Restoration Act so as to remove present restrictions against the use of funds thereunder for maintenance and operation of projects completed under its provisions;

A resolution opposing any relaxation of the sanitary embargo on the importation of meat and meat products from countries where the foot-and-mouth disease is epidemic; and

A resolution favoring certain regulations with reference to the migratory waterfowl season of 1944-45; to the Committee on Agriculture and Forestry.

A resolution favoring removal by the Office of Price Administration of ceiling prices on beaver pelts and the pelts of fur-bearing predatory animals; to the Committee on Banking and Currency.

A resolution condemning the practice of certain localities of using lakes and streams for sewage disposal and urging the inclusion of projects for adequate facilities therefor in post-war program planning; to the Committee on Commerce.

A resolution relating to the conservation and restoration of fish and wildlife on Indian reservations and suggesting certain provisions to be embodied in legislation for its regulation; to the Committee on Indian Affairs.

A resolution protesting against the creation by Executive order of the Jackson Hole Monument in the State of Wyoming and favoring the enactment of House bill 2241 to rescind the order;

A resolution favoring the enactment of legislation to provide that the reduction of overstock of all fish, game, and wildlife in national-park areas shall be reserved to public hunting and fishing by permits under jurisdiction of the States concerned;

A resolution protesting against the requirement by any Federal agency of addi-

tional lands in Western States except with specific approval of the legislature of the State concerned, with reservations of the right of public hunting, fishing, and trapping under State jurisdiction; and

A resolution relating to provision by the United States Reclamation Service of screens and other devices for the protection of fish in waters upon which irrigation, power, and industrial development projects have been or shall be constructed; to the Committee on Public Lands and Surveys.

## By Mr. CAPPER:

A letter in the nature of a petition from Leo J. Hoff, secretary-treasurer of Barbers Local No. 185, of Kansas City, Kans., praying for the enactment of the bill (S. 1700) to amend the District of Columbia Barber Act; to the Committee on the District of Columbia.

## DEVELOPMENT OF ST. LAWRENCE—RESOLUTION OF BOARD OF SUPERVISORS, JEFFERSON COUNTY, N. Y.

Mr. AIKEN. Mr. President, I present, and ask to have appropriately referred, a resolution in favor of the development of the St. Lawrence River which was adopted by the Board of Supervisors of Jefferson County, N. Y., on May 1, 1944.

There being no objection, the resolution was referred to the Committee on Commerce and ordered to be printed in the RECORD, as follows:

## Resolution 35

Resolution re development of the St. Lawrence River

Whereas Jefferson County is vitally interested in the development of the resources of New York State and especially in the development of northern New York; and

Whereas the development of the St. Lawrence River and the power available in the said river will tend to promote the welfare of the citizens and residents of the State and county; and

Whereas the Legislature of the State of New York by unanimous vote adopted a resolution declaring that this State urgently desires that the St. Lawrence River be developed to furnish low-cost power to millions of power users engaged in industry, agricultural and commercial pursuits; and

Whereas the Alkin bill, S. 1385, providing for the development of the St. Lawrence River, has been introduced in Congress and is being considered by the Senate Committee on Commerce: Now, therefore, be it

*Resolved*, That the Jefferson County Board of Supervisors hereby declares its approval of the project and petitions the Congress of the United States to enact such legislation as may be necessary to initiate and complete the development of the St. Lawrence River; and be it further

*Resolved*, That the clerk of this board be instructed herewith, to send certified copies of this resolution to the Senate Committee on Commerce and to such other officials and persons connected with the proposed legislation as he may deem proper.

## WORLD INTERNATIONAL ORGANIZATION; APPEAL OF COMMISSION ON A JUST AND DURABLE PEACE

Mr. BALL. Mr. President, I ask unanimous consent to have printed in the body of the RECORD and appropriately referred an appeal sent by the Commission on a Just and Durable Peace to the President and the Congress to take action immediately to set up a world international organization in conformity with the Moscow agreement.

This appeal is signed by 1,251 clergymen and laymen throughout the country.

There being no objection, the appeal was referred to the Committee on Foreign Relations and ordered to be printed in the RECORD, as follows:

**AN APPEAL TO THE PRESIDENT, THE CONGRESS, AND THE PEOPLE OF THE UNITED STATES**

We, the undersigned, believe that the time is at hand when a concrete beginning should be made to realize the Moscow Declaration and Connally resolution which recognized "the necessity of establishing at the earliest practicable date a general international organization. . . . We need now at least the nucleus of such a general international organization in order to promote unity of political and diplomatic decision by the principal United Nations and consistency with such aspects of the moral law as have been proclaimed by the Atlantic Charter and other declarations of the United Nations.

If, however, international organization is to serve its purpose of achieving just and durable peace, it must from the beginning be planned to become universal in membership and curative and creative in purpose.

We subscribe wholeheartedly to the affirmation, "six pillars of peace," of the Commission on a Just and Durable Peace, instituted by the Federal Council of the Churches of Christ in America, that not only must there be the political framework for a continuing collaboration of the United Nations, but that such collaboration should, as quickly as possible, be universal. We also believe, with that commission, that the international organization which is established should have not merely the task of seeking physical security but responsibility to deal regularly with conditions which contain the seeds of future war. It should be designed to seek the change of treaty conditions which may develop to be unjust and provocative of war; to bring within the scope of international agreement those economic and financial acts of nations which have widespread international repercussions; to promote the attainment of autonomy as a genuine goal for dependent peoples; and to assure for people everywhere a regime of religious and intellectual liberty.

We appeal to the President, the Congress, and the people of the United States to work vigorously for practical steps which will initiate such an organization.

**INTEREST RATE ON FARM LOANS—  
RESOLUTION BY KANSAS FEDERATION  
OF NATIONAL FARM LOAN ASSOCIATIONS**

Mr. CAPPER. Mr. President, I ask unanimous consent to have printed in the RECORD and appropriately referred a resolution adopted by the Kansas Federation of National Farm Loan Associations at Wichita, Kans., taking a stand in favor of the reduction of the rate of interest on Land Bank Commissioner loans to 4 percent, including new loans made by the Federal Farm Mortgage Corporation.

There being no objection, the resolution was referred to the Committee on Banking and Currency and ordered to be printed in the RECORD, as follows:

Be it hereby resolved, That the Kansas Federation of National Farm Loan Associations at its regular board of directors' meeting held in Wichita, Kans., on March 21, 1944, have adopted the following resolution which is of the effect that all Land Bank Commissioner loans should be reduced to 4

percent and new loans made by the Federal Farm Mortgage Corporation should be made at that rate of interest effective June 30, 1944.

E. S. PARSONS,  
President.

Attest:

PAUL MANN,  
Secretary-Treasurer.

**RESOLUTION BY KANSAS CITY SYNOD  
OF EVANGELICAL AND REFORMED  
CHURCH**

Mr. REED. Mr. President, I ask unanimous consent to present and have printed in the RECORD as a part of my remarks and appropriately referred a resolution adopted at the annual spring meeting of the Kansas City synod of the Evangelical and Reformed Church, at Kansas City, Kans., on April 18-20, 1944.

There being no objection, the resolution was referred to the Committee on Military Affairs and ordered to be printed in the RECORD, as follows:

Whereas the number of men who would be exempted, except for the recent action of the Selective Service System, which stops deferment of pretheological students after July 1, 1944, is relatively insignificant to the total number of men involved; and

Whereas such action threatens the effective functioning of the church in maintaining the moral and spiritual health of the Nation by cutting off the source of future leadership; and

Whereas such action discriminates against the uninterrupted flow of men into the calling of the ministry (as against the Government program assuring such for other professions); and

Whereas such action in practice becomes very discriminating against the churches of protestantism:

Kansas City synod of the Evangelical and Reformed Church, representing churches and pastors in Missouri, Kansas, and Oklahoma, in annual session at Kansas City, Kans., April 18-20, vigorously protests such action of the Selective Service Commission of recent date and respectfully insists upon such an amendment of the regulation that will remove these injustices and restore to the church the possibility of preparing an adequate number of young men for the ministry.

Dr. D. C. JENSEN,

Secretary of the Kansas City Synod.

**RESOLUTIONS BY LIEUTENANT RICHARD  
S. ROSS CHAPTER 3, DISABLED AMERICAN  
VETERANS OF THE WORLD WAR—  
VETERANS' BENEFITS**

Mr. REED. Mr. President, I also ask unanimous consent to present and have printed in the RECORD as a part of my remarks, and appropriately referred, a resolution by the Lieutenant Richard S. Ross Chapter 3, Disabled American Veterans of the World War, Topeka, Kans., signed by Carl Adolphson, commander, requesting favorable attention to H. R. 3356, H. R. 3377, and S. 1733.

There being no objection, the resolution was referred to the Committee on Finance and ordered to be printed in the RECORD, as follows:

**DISABLED AMERICAN VETERANS  
OF THE WORLD WAR,  
Topeka, Kans., April 27, 1944.**

Hon. CLYDE REED,  
United States Senate,  
Washington, D. C.:

Whereas the members of the Lieutenant Richard S. Ross Chapter of the Disabled

American Veterans, located in Topeka, Kans., have noted with much apprehension that, although H. R. 3356, to provide for an increase of 15 percent in all compensation and pension payments of disabled veterans of World War No. 1 and World War No. 2, plus other benefits, and H. R. 3377, in effect to provide for an increase in the pension payments made to war veterans handicapped by permanent and total non-service-connected disabilities from \$40 to \$50 per month, were passed by the House of Representatives last November, they have since then been reposing before the Senate Committee on Finance; and

Whereas although that committee saw fit to give the right-of-way to the so-called G. I. bill of rights, to provide that the Veterans' Administration, on top of its fast-expanding responsibilities for service-disabled veterans and their dependents, should be further overloaded with the administration of proposed benefits primarily for able-bodied veterans and their dependents, but has so far failed to give consideration to the other above-mentioned bills before such committee: Now, therefore, be it

Resolved by the Lieutenant Richard S. Ross Chapter of the Disabled American Veterans, That we hereby call upon the members of the United States Senate Finance Committee, through our respective Senators, promptly to give favorable consideration to those legislative bills before such committee, designed to provide badly needed additional benefits for service-disabled veterans and their dependents, particularly as to H. R. 3356 and H. R. 3377, above-mentioned, and of S. 1733, in effect to provide that service-disabled veterans of this country shall receive the same dependency allowances as provided by Canada for its service-disabled veterans; be it further

Resolved, That a copy of this resolution be sent to each Member of the United States Senate from the State of Kansas and to newspapers of this community.

CARL ADOLPHSON,  
Commander.

Mr. REED. Mr. President, I also ask unanimous consent to present and have printed in the RECORD as a part of my remarks and appropriately referred a resolution by the Lieutenant Richard S. Ross Chapter 3, Disabled American Veterans of the World War, Topeka, Kans., signed by Carl Adolphson, commander, concerning the administration of the so-called G. I. bill of rights.

There being no objection, the resolution was referred to the Committee on Finance and ordered to be printed in the RECORD, as follows:

**DISABLED AMERICAN VETERANS  
OF THE WORLD WAR,  
Topeka, Kans., April 27, 1944.**

Hon. CLYDE REED,  
United States Senate,  
Washington, D. C.:

Whereas the members of the Richard S. Ross Chapter of the Disabled American Veterans, located at Topeka, Kans., have noted with much concern the fact that the right-of-way has been given by congressional committees to the so-called G. I. bill of rights primarily to provide certain post-war assistance to able-bodied veterans and their dependents; and

Whereas we are fearful that if the Veterans' Administration is further overloaded by being required to administer proposed benefits for able-bodied veterans its efficiency will be impaired and its services to and benefits for disabled veterans and their dependents will eventually be jeopardized; and

Whereas we are fearful that if the Veterans' Administration is given the responsibility of administering post-war adjust-



ments for able-bodied veterans, the cost thereof, in addition to the increasing costs of benefits for disabled veterans and their dependents, will sooner or later cause much misunderstanding on the part of the public, and may well jeopardize existing and proposed legislation on behalf of service-disabled veterans and their dependents: Now, therefore, be it

*Resolved by the Richard S. Ross Chapter of the Disabled American Veterans, That the Members of Congress from the State of Kansas be requested to voice their opinions strongly against the proposal in the so-called G. I. bill of rights (S. 1767) whereby the Veterans' Administration would be designated as the Federal agency to extend post-war adjustments for able-bodied veterans, and to insist that other Federal agencies, with appropriate experience backgrounds, be so delegated so that any such post-war adjustments as may be awarded to able-bodied veterans by Congress will not jeopardize existing and proposed benefits for service-disabled veterans and their dependents; be it further*

*Resolved, That Members of Congress from Kansas be reminded that there are several legislative bills before Congress, to provide badly needed additional benefits for war service-disabled veterans and their dependents, to the end that war service-disabled veterans may be enabled to provide a decent standard of living for themselves and their dependents, and to pursue the American way of life for which they fought and sacrificed their health or a part of their bodies, and that such Congressmen be further reminded that first things should be done first; be it further*

*Resolved, That a copy of this resolution be sent to each Member of the House of Representatives and of the United States Senate from the State of Kansas and to the newspapers of this community.*

CARL ADOLPHSON,  
Commander.

#### REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. TYDINGS, from the Committee on Territories and Insular Affairs:

H. R. 3403. A bill to withdraw and restore to their previous status under the control of the Territory of Hawaii certain Hawaiian homelands required for use for airplane landing fields, and to amend sections 202, 203, and 207 of title 2 of the Hawaiian Homes Commission Act, 1920, and for other purposes; without amendment (Rept. No. 849).

By Mr. WALSH of Massachusetts, from the Committee on Naval Affairs:

S. 1173. A bill to suspend, as respects vessels of the Navy or in the naval service, certain provisions of the act approved March 3, 1925, authorizing suits against the United States in admiralty for damage caused by and salvage services rendered to public vessels of the United States, and to authorize the Secretary of the Navy to settle and pay claims for damages caused by vessels of the Navy or in the naval service, or for towage and salvage services to such vessels, and for other purposes; with amendments (Rept. No. 850):

S. 1880. A bill authorizing the acquisition and conversion or construction of certain landing craft and district craft for the United States Navy, and for other purposes; without amendment (Rept. No. 851); and

S. 1881. A bill to provide for reimbursement of certain Navy personnel and former Navy personnel for personal property lost or damaged as the result of fire at the naval advance base depot, Port Hueneme, Calif., on January 12, 1944; without amendment (Rept. No. 852).

#### ENROLLED BILLS AND JOINT RESOLUTION PRESENTED

Mrs. CARAWAY, from the Committee on Enrolled Bills, reported that that committee presented to the President of the United States the following enrolled bills and joint resolution:

On May 1, 1944:

S. 45. An act to amend section 3 of the act of June 7, 1924 (43 Stat. 653; 16 U. S. C. 566); and

S. 1757. An act to amend an act entitled "An act to fix the salaries of officers and members of the Metropolitan Police force and the Fire Department of the District of Columbia."

On May 3, 1944:

S. J. Res. 122. Joint resolution to limit the operation of sections 109 and 113 of the Criminal Code, and sections 361, 365, and 366 of the Revised Statutes, and certain other provisions of law.

#### HOURS OF DUTY OF POSTAL EMPLOYEES—CONFERENCE REPORT

Mr. McKELLAR submitted the following report, which was ordered to lie on the table:

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 2928) to amend the act entitled "An act to fix the hours of duty of postal employees, and for other purposes," approved August 14, 1935, as amended, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses, as follows:

That the Senate recede from its amendments numbered 1, 2, and 4.

That the House recede from its disagreement to the amendment of the Senate numbered 3, and agree to the same.

Amendment numbered 5: That the House recede from its disagreement to the amendment of the Senate numbered 5, and agree to the same with an amendment, as follows:

At the end of said amendment, insert a colon and the following: "Provided, That postmasters of the first-, second-, and third-classes, and post office inspectors, shall be on duty not less than forty-eight hours per week, and shall be paid for the additional eight hours, as additional pay for working such additional time, as follows:

"Those whose salaries are over \$5,000 and not over \$7,999, 5 percent of their regular peacetime salaries; those whose salaries are over \$4,000 and not over \$5,000, 10 percent of their regular peacetime salaries; those whose salaries are over \$2,000 and not over \$4,000, 15 percent of their peacetime salaries; those whose salaries are \$2,000, or under, 20 percent of their peacetime salaries: *Provided further*, That no postmaster whose peacetime compensation is \$8,000, or over, shall receive any additional compensation for such overtime work."

And the Senate agree to the same.

KENNETH McKELLAR,  
JOSHIAH W. BAILEY,

Managers on the part of the Senate.

T. G. BURCH,  
TOM MURRAY,  
GEORGE D. O'BRIEN,  
FRED A. HARTLEY, Jr.,  
N. M. MASON,

Managers on the part of the House.

#### BILLS INTRODUCED

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. CLARK of Idaho:

S. 1890. A bill to provide for the general welfare by establishing a system of Federal

benefits and by enabling the several States to make more adequate provision for the control and the eradication of noxious weeds; to conserve and protect the agricultural resources of the several States and of the United States; to empower the Secretary of Agriculture to make certain rules and regulations and prescribe conditions; to raise revenue; and for other purposes; to the Committee on Agriculture and Forestry.

By Mr. THOMAS of Oklahoma:

S. 1891. A bill for the relief of W. S. Burleson (with an accompanying paper); to the Committee on Indian Affairs.

(Mr. THOMAS of Oklahoma also introduced Senate bill 1892, which was referred to the Committee on Banking and Currency, and appears under a separate heading.)

By Mr. KILGORE:

S. 1893. A bill to provide for the establishment of an Office of War Mobilization and Adjustment, and for other purposes; to the Committee on Military Affairs.

By Mr. WALSH of Massachusetts:

S. 1894. A bill to provide for the transportation to their homes of persons discharged from the Naval service because of underage at time of enlistment; to the Committee on Naval Affairs.

#### POST-WAR SPENDING—STABILIZATION OF THE BOND MARKET

Mr. THOMAS of Oklahoma. Mr. President, I take this opportunity to invite the attention of the Senate to conditions which should be considered and acted upon by the Congress. According to the Treasury estimate, as reported by Dun & Bradstreet, the gross national debt at the end of 1944 will be \$206,000,000,000. Should the war last through 1945, the debt will be larger. So at the end of the war there is certain to be a vast reservoir of purchasing power concentrated in the hands of the people. As soon as the war is over the people will wish to reinvest a large part of their savings. So there is certain to be a large amount of bonds offered for sale, and unless some plan is adopted to stabilize the market, there may be so many bonds offered for sale that the open-market price may fall, to the injury of the public generally.

While my State of Oklahoma is not recognized as a major financial center, yet we shall have over \$1,000,000,000 of savings to spend after the war. I ask unanimous consent to have printed in the Record at this point as a part of my remarks an Associated Press dispatch dated April 5, outlining the nature of the bonds concentrated in the banks of Oklahoma.

There being no objection, the dispatch was ordered to be printed in the Record, as follows:

#### OKLAHOMANS WILL HAVE BILLION TO SPEND AFTER WAR

NORMAN, April 5.—As the bureau of business research at the University of Oklahoma figures it, Oklahoma will enter the post-war period with a billion dollars available for consumption goods.

The figures are as of June 1943, and do not take into account additional millions accumulated by Oklahomans since.

The calculations were made by Dr. Charles F. Bailey, associate professor of economics and head of the bureau.

Here's the way he arrived at the huge aggregate:

Federal Reserve bank reports set the total of demand and time deposits for insured banks in Oklahoma at \$556,000,000.

Government savings bonds, series E, F, and G, amounted to about \$250,000,000 more.

Treasury reports show the per capita money in circulation at \$142, or a total of \$18,500,000, if each Oklahoman has his share.

Other Government bonds held in the State, postal savings, and time deposits not previously counted, figured with the above, make the grand total around \$1,000,000,000.

There might be a catch to it, though, Dr. Dailey said.

"There are economists who see the great national debt and high tax as counterbalancing much of this potential buying power," he stated.

Mr. THOMAS of Oklahoma. Mr. President, after the war, if great numbers of holders of Government bonds desire to sell, it is obvious that there will be a shortage of buyers; and if such a thing should happen, the price of bonds will be driven down to dangerous levels. No good purpose would be served by speculating as to what might happen in such an eventuality.

Having this situation under consideration, on March 15 last I introduced a very brief bill in the Senate proposing to authorize banks to carry such bonds at par, without respect to the current market price. While to date neither the Treasury Department, the Board of Governors of the Federal Reserve System, nor the Federal Deposit Insurance Corporation has reported on the bill, Senate bill 1769, I have received a number of letters from bank officials and others with respect to the proposal. Without exception the letters received up to this time have been favorable to the purpose of the measure.

Pursuant to the sentiments expressed and suggestions made in the communications received, I have broadened the original bill so as to include savings and loan associations. In addition to providing that the banks and certain other financial institutions may at all times be permitted to carry and report their bond holdings at par, I have added section 2 to the bill. Section 2 reads as follows:

SEC. 2. The Federal Reserve banks are authorized and directed to purchase or accept for credit any such bonds, notes, or certificates of indebtedness tendered by their member banks, at not less than the par value thereof plus any accrued interest thereon: *Provided*, That the Board of Governors of the Federal Reserve System shall make rules and regulations for carrying into effect the provisions of this section.

Typical of the letters received in support of the bill, I ask permission to have printed in the RECORD at this point as a part of my remarks a communication from Mr. H. C. Brunt, president of the Union National Bank, located at Chandler, Okla.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

THE UNION NATIONAL BANK,  
Chandler, Okla., April 24, 1944.

HON. ELMER THOMAS,  
United States Senator,  
Washington, D. C.

DEAR SENATOR: Gen. Roy Hoffman has called my attention to Senate bill No. 1769, introduced by you and having reference to maintaining the book value of United States bonds in the hands of banks, trust companies, and insurance companies.

I believe your bill is very timely and at the same time a very wise provision, and should be enacted into law.

While I understand the practice of the Comptroller's department, in the matter of banks, is in keeping with the provisions of your bill and has been for some time, yet that is only a regulation, and the banks and other companies should have the assurance of being protected by law.

In my opinion, if you could get this into a provision of law, within the next 30 days, it would have a stimulating effect on the bond drive that is scheduled for June.

And in addition, why should not the Government seek, by law, regulation, and any other means, to maintain the par value of its own obligations, against the market value that may be influenced by gambling propensities?

The bond buyer can be encouraged to become a permanent investor, if he has the assurance that means are provided whereby he is protected to a par basis.

The funds of banks, trust companies, and insurance companies, are all alike in that they are trust funds, and protection to them is also protection to their customers.

Hope you have good luck with your bill.

Very truly,

H. C. BRUNT, President.

Mr. THOMAS of Oklahoma. Mr. President, I ask unanimous consent to introduce, for appropriate reference, a new bill carrying the amendment just suggested. I also ask unanimous consent to have the bill printed in the RECORD at this point as a part of my remarks.

There being no objection, the bill (S. 1892) to authorize the carrying of obligations of the United States, owned by banks, trust companies, savings and loan associations, and insurance companies, at their par value, and for other purposes, was read twice by its title, referred to the Committee on Banking and Currency, and ordered to be printed in the RECORD, as follows:

*Be it enacted, etc.*, That whenever the market value of any interest-bearing bond, note, or other evidence of indebtedness, which is a direct obligation of the United States, or which is fully guaranteed by the United States as to principal and interest, and which is owned by a banking institution, a trust company, a savings and loan association, or any other institution authorized by the laws of the United States, or of any State or Territory thereof, to receive deposits of money, or an insurance company, is less than the par value thereof, such bond, note, or other evidence of indebtedness shall be deemed, for the purposes of any requirement of Federal law or regulation, to have a value equal to the par value thereof plus any accrued interest thereon.

SEC. 2. The Federal Reserve banks are authorized and directed to purchase or accept for credit any such bonds, notes, or certificates of indebtedness tendered by their member banks at not less than the par value thereof plus any accrued interest thereon: *Provided*, That the Board of Governors of the Federal Reserve System shall make rules and regulations for carrying into effect the provisions of this section.

#### FEEDING OF CHILDREN IN NAZI-DOMINATED EUROPE

Mr. CAPPER. Mr. President, both branches of Congress have approved overwhelmingly resolutions to allow the shipment of food for child feeding in certain portions of Nazi-dominated Europe. These children should have been fed, and could have been fed, months ago, as some of the children of Greece have been fed from outside sources.

May I express the sincere hope that Prime Minister Winston Churchill, of Britain, will allow our State Department to carry out the express will of Congress and the American people so that all these children may receive food, even though it is too late to save the lives of many who could have been saved if we had adopted a less inhumane policy earlier in the war.

In this connection I ask unanimous consent to have printed in the RECORD at this point a letter and the accompanying statement, Save Europe's Children, I have just received from Howard E. Kershner, chairman of the Temporary Council on Food for Europe's Children, of which Herbert Hoover is a member.

There being no objection, the letter and statement were ordered to be printed in the RECORD, as follows:

#### TEMPORARY COUNCIL ON FOOD FOR

#### EUROPE'S CHILDREN,

New York, N. Y., April 29, 1944.

Senator ARTHUR CAPPER,

Washington, D. C.

DEAR SENATOR CAPPER: We are most grateful to every Member of the Senate and House for the unanimous passage of Senate Resolution 100 and House Resolution 221, both of which urge child feeding in Nazi-dominated Europe. Experience has shown how it can be done without aiding the enemy and with great benefit to our friends and allies who endure every form of torture to help us in the struggle against the common foe. Strategy and humanity unite in urging immediate action.

The vision and wisdom of the Senators and Congressmen in this instance show high statesmanship and encourages one to believe that free, intelligent democratic government will not perish from the earth.

In view of the unanimous action of both Houses of Congress and the overwhelming expression of public opinion, it is difficult to believe that action to save these children will be postponed. Evidence of public approval is also very strong in England, and the governments of the exiled countries continue their urgent pleas for their children.

The approach of invasion emphasizes the importance of sending food before communication becomes increasingly difficult. When we call upon our tortured allies for a last effort against the foe, we will want them to have the solid encouragement of a little food for their children—the most effective form of propaganda.

If the mercy ships with food from South America, Africa, and, if need be, a little of what we waste, are not started promptly we trust that you and your fellow Senators and Congressmen will find some way to implement the action already taken in the passage of the resolutions.

With congratulations and best wishes, I am,

Sincerely yours,

HOWARD E. KERSHNER.

#### SAVE EUROPE'S CHILDREN

(By Howard E. Kershner)

By unanimous vote on February 15, 1944, the United States Senate has asked the administration to send food to Europe's starving children.

On April 17, by unanimous action, the House of Representatives made the same request.

A Nation-wide Gallup poll on February 11, shows 3 votes for feeding to 1 opposed.

Most of the leading daily papers and periodicals of the United States have urged child feeding in strongly worded editorials.

Organized labor has demanded that the children be saved.



The Federal Council of the Churches of Christ in America has long supported child-feeding proposals.

The Catholic archbishops and bishops have urged it.

The Rabbinical Assembly of America has approved it.

Societies, lodges, clubs, organizations, and churches have passed innumerable resolutions of approval.

Hundreds of thousands have signed petitions.

Half a million or more have written letters to Washington urging the administration to take immediate action to save the children.

Almost every medium by which public opinion is gauged shows that an overwhelming majority of Americans want the children in Nazi-dominated Europe to be fed.

Support for child feeding in Europe is almost as impressive in Great Britain as in the United States.

Church leaders of all denominations led by the Archbishop of Canterbury have long pled for it. Labor leaders have urged it. Quantities of editorials have appeared in leading British publications. Many stirring speeches have been made in both Houses of Parliament demanding that food be sent to the children.

The governments in exile supported by their military leaders have pled that help be sent to their children. They are as anxious to win the war and drive the enemy out of their countries as we are. They would not ask for help if they believed it would prolong the war. They think it would promote our war effort. They are a part of the United Nations group. What right have Britain and America to ignore their opinions and their desperate pleas for their children?

Experience in Greece and France has shown that the children can be saved without aiding the enemy.

The Germans do not take any food going to Greece and did not take any of the food formerly sent to France.

The Germans did not reduce the ration cards of the children helped.

By requiring each child fed to consume its full portion of local food before it is given a supplement of imported food it is certain that no equivalent was left over as a result of these operations by which the Germans could profit even indirectly.

Not a single ship available for the war effort would be used. The food would go in neutral ships.

It would not cost the American people a single dollar. Norway, Holland, Belgium, and France—the only countries which can now be reached—have funds of their own, more than sufficient, to pay for the operation.

No food needed for ourselves would be used. According to a statement by War Food Administrator, Marvin Jones, we are still wasting several times as much food as it is proposed to send to these children. Sweden has asked permission to send food to Belgium and the Belgian Congo has done likewise. There is food in South America, especially Venezuela which has important quantities of cocoa and fish for sale. Spain has olive oil. Other surpluses are available.

Every month we send through the blockade about 50 pounds of food and other relief supplies to each British and American prisoner of war and civilian internee yet we deny a Norwegian, Belgian, Dutch, or French soldier fighting with our forces permission to use his own funds to send food to his starving wife and children at home. How can we send food through the blockade to our own but deny it to those who fight valiantly against the common enemy? Prisoners of war, whom we rightly feed, work in the German war effort yet we starve the children who could not possibly assist the war effort of the enemy.

Hitler knows he has lost this war but if we allow him to destroy the surrounding peoples he hopes for a better opportunity a

generation hence. As quoted by William Philip Simms, General von Stulpnagel, Nazi commander in the Paris area, says:

"What does a temporary defeat matter if, through the destruction of people and material wealth in enemy countries we are able to secure a margin of economic and demographic superiority even greater than before?"

And Marshal von Rundstedt says:

"One of our great mistakes in the First World War was to spare the lives of civilians in enemy countries. We Germans must number at least twice the population of our neighbors. Therefore we shall be compelled to destroy at least one-third of the population of all adjacent territories. We can best achieve this through systematic malnutrition—in the end far superior to machine guns \* \* \* starvation works more effectively especially amongst the young."

We will win the war but lose the peace if we allow the peoples who share our ideals to be destroyed.

One way to defeat Hitler is to keep him from destroying the freedom-loving peoples of Europe.

If we do not do this our boys will fight the next war alone. The armies that would help us will not have been born or will be too subnormal mentally and physically to be effective.

Hitler boasts that the Nazis are a superior race. They are becoming so—those who eat are superior to those who starve. By feeding the children of those who fight for us we would give them courage and strength to fight harder and so shorten the war.

In the face of this accumulated evidence that the judgment and conscience of mankind wants these children saved it is certainly in order to ask, "Mr. President, what are we waiting for?"

The Constitution charges the President, through the State Department and as advised by the Senate with the responsibility for foreign affairs. Child feeding is a question of high policy. The President must meet the issue—he cannot avoid it by saying it is a military question. Even if it be such, the Constitution makes him our highest military authority and chief strategist. He is the Commander in Chief. He must decide. By doing nothing he is deciding the question in the negative but he is certainly not escaping the responsibility for having made that decision. If it be a military question why are are pleas of military men of the occupied countries ignored? Be it remembered that among those who have urged child feeding are Generals Pershing, Dawes, Disque, and Theodore Roosevelt, Jr.; Admirals Pratt and Byrd; Past Commanders of the American Legion Hayes, Murphy, and MacNider. The latter was also a former Assistant Secretary of War.

Neither can the President escape the responsibility by pointing to the objections of the British Government. Turkey did not take "no" for an answer in the case of Greece and started her relief ships with food across the Aegean Sea. Now the British, American, and Canadian Governments help in feeding the Greek people.

The United States is contributing a full share to the war effort. For 3 years we have acquiesced in British Government policy. One good turn deserves another and we have the right to ask Britain to consider our views on the matter especially when our views are also those of the occupied countries themselves and of a considerable part of the British people. The stakes are so large—a whole generation of children of the democratic nations of Europe—that we have no right longer to stultify our convictions and forsake our impressive record of humanitarian action.

Strategy and humanity both require that the children be fed. Mr. President, it is your move.

#### AVERY'S PRIVATE WAR—ARTICLE BY MARQUIS CHILDS

[Mr. BARKLEY asked and obtained leave to have printed in the RECORD an article entitled "Avery's Private War," written by Marquis Childs and published in the Washington Post of May 4, 1944, which appears in the Appendix.]

#### AFTERMATH OF THE WAR—ADDRESS BY CHESTER BOWLES

[Mr. TUNNELL asked and obtained leave to have printed in the RECORD an address entitled "What Happens After the War," by Chester Bowles, Price Administrator, published by the International Latex Corporation, Dover, Del., which appears in the Appendix.]

#### HATERS OF THE PRESIDENT—EDITORIALS FROM PHILADELPHIA RECORD

[Mr. GUFFEY asked and obtained leave to have printed in the RECORD an editorial entitled "They Hate the President Worse Than Hitler: No. 1," published in the Philadelphia Record of April 25, 1944, and an editorial entitled "They Hate the President Worse Than Hitler: No. 2," published in the Philadelphia Record of May 2, 1944, which appear in the Appendix.]

#### OPERATIONS AND METHODS OF O. P. A.—LETTER FROM JUDGE C. E. ENGER

[Mr. SHIPSTEAD asked and obtained leave to have printed in the RECORD a letter addressed to him by Clifford E. Enger, of Austin, Minn., president of the Minnesota Municipal Judges Association, relative to regulations and directives of O. P. A., which appears in the Appendix.]

#### FEEDING OF CHILDREN IN NAZI-DOMINATED EUROPE

[Mr. SHIPSTEAD asked and obtained leave to have printed in the RECORD a letter on the subject of the feeding of children in Nazi-dominated Europe, addressed by Howard E. Kershner to Senators and Members of the House of Representatives, and also a letter addressed by Mr. Kershner to the President of the United States, which appear in the Appendix.]

#### SETTLEMENT OF CLAIMS ARISING FROM TERMINATED WAR CONTRACTS

The Senate resumed the consideration of the bill (S. 1718) to provide for the settlement of claims arising from terminated war contracts, and for other purposes.

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from West Virginia [Mr. KILGORE], which the Chair understands has been stated.

Mr. KILGORE. Mr. President, I appreciated the arguments offered yesterday by the able Senator from Georgia [Mr. GEORGE], the able Senator from Michigan [Mr. VANDENBERG], and other Senators on the question of enacting legislation to terminate the war contracts speedily and expeditiously as the need for such termination arises. I feel that the entire Senate, in fact the entire Congress, realizes the need for an orderly demobilization of the resources of this Nation as soon as the war reaches the stage that will permit such a demobilization; but I cannot say, Mr. President, that I agree that we must pass in such haste, without complete consideration by the Members of this body, a bill that would turn sums of money over in contract termination payments to the owners of factories and plants that have

operated to produce war materials without adequate planning as to the way in which the contracts shall be terminated and the order in which they shall be terminated.

It is a well-known fact that we do not have merely one plant making plane engines; we have great numbers of such plants, and these plants do not make complete engines, but under them are thousands of others making parts. We do not have merely one plant making planes. We have such plants scattered all over the country. The same is true of other forms of war material.

An ill-advised and ill-planned termination of contracts, without some central control to consider which plants can be terminated in the interest of the economy of the Nation and for the best interest of the people, may cause wholesale termination in one locality and no terminations in others. It may cause wholesale unemployment in one locality and a demand for labor in others. It may cause new wholesale migrations of defense workers, of which there has already been far too much. It may squeeze out the small man without taking care of his employees. It may terminate a contract with ample damages for the termination but with no assurance of reconversion of the plant to peacetime pursuits to employ any people whatsoever. Therefore, it is my present belief, as it has been my belief for some time, that if we consider merely one segment of the program of reconversion and leave out a central planning agency, leave out central direction, leave out central control, we will face just that situation, because, under the bill as framed, even the contracts are not terminated by any central authority. There is no agency in Washington that tells the Government departments and agencies how they shall allocate the terminations.

The War Department alone in its Services of Supply has seven different procurement agencies. These, in turn, are divided into districts, and each district headquarters will arrange its own terminations, just as it has its own contract service.

Up to the present time, one of the most severe criticisms we have encountered in the conduct of procurement has been ill-advised contract placements. I well remember one city in my State which is a perfect example. It is a small city and, strange to say, although West Virginia does not have 1 inch of coast line, ocean-going ships have been built in that city. The Navy suddenly decided to double, in fact, almost treble, the shipbuilding facilities of that small city, and without conference with the Navy, the Army decided to put in a munitions plant there. The city was overcrowded. Some 3,000 additional houses were built, and then, all of a sudden, both contracts were terminated simultaneously. The increased work for the shipyard was stopped, and the munitions factory was shut down. The shutting down of one of them would not have hurt the city so much, but the shutting down of two of them almost wrecked the economy of that city. The same thing can happen on a larger scale in other places. For

instance, if all the airplane contracts in Los Angeles should be terminated simultaneously, the domestic economy of Los Angeles would be very nearly wrecked. But consider what would happen if at the same time the Maritime Commission should terminate the shipyard contracts there. With no planning for conversion, this could happen.

The purpose of my amendment is to take care of this situation. The first thing this Government needs is centralized control of these terminations. It is not possible, with safety to the Nation, to terminate a contract for the building of ships merely by paying damages to the plant owner, and by storing the machinery which he does not need, and taking out the partially finished material from the plant. There is other material in the plant, human material, material which must have some way of getting to other work, or some way of living until other work can be procured. Contract termination cannot be complete until all facilities of the plant are measured, and adequate arrangements made for the disposal and the handling of those facilities, including the human beings who have been working in the plant.

For that reason, title I of my proposed amendment sets up a central over-all agency, sets up an administrator of mobilization and conversion for peace, giving to him an advisory board representing all segments of our economic structure so that he will not be without advice from the people. Even the consumer is included in that set-up.

In my amendment there is also provision for a planned program of reconversion and termination, so that the plants are not to be closed without consideration of the effect on the domestic economy. All the contracts are not to be terminated in one locality simultaneously, so that the roads leading from that locality will be filled with people with their worldly possessions in push carts as soon as the money they have saved is spent.

We know that the war is not over. In fact, it is just going into its most serious stage. But unfortunately war has changed. Material that was badly needed last week has become obsolete. Plants which made it must be converted to making other material. Therefore we must now go into the matter of planning the orderly conversion of this vast war industry we have built up into a peacetime industry.

Only recently we sought to get some more automobiles, and the plants naturally did not want to proceed with part-time production, quite logically, and declined to go into automobile production until they were permitted to go into full automobile production. The fact that we needed even part-time automobile production was plain evidence as to the need of the civilian economy for the civilian products.

Conversion, if properly planned, if properly organized, if properly worked out, can be handled in the interests of the entire Nation.

There is much talk of future unemployment. There is no need for unemployment after the war if the civilian

economy is adequately taken care of and if the conversion is planned. We must not permit individual planners to proceed, each planning in his own way, without a central plan, as we are considering now permitting a great number, probably three or four thousand, to terminate contracts by payment of liquidated damages for the termination, by removal of unfinished products, and by removal and storage of machinery, without taking care of the needs of the human part of the plant. The man who operates a machine is just as much a part of the plant as the machine he operates, just as much as the walls and the roof of the plant, because without him the plant cannot exist. If we terminate without planning for him, without a central plan for the entire program, we will have a termination which will lead us into the chaos we are seeking to avoid.

Yesterday it was urged that these contracts must be terminated in order that labor might not be without jobs, but I ask, what provision do we have that guarantees that the termination money will be used to keep the plants running on a converted status? We have nothing except the satisfaction of, let us say, liquidated damages for the breach of a contract by us, which breach is made necessary in the public welfare. There is no guarantee, when we terminate a contract under the existing bill as amended, that the plant which will go into civilian industry will produce anything.

Legislation hastily passed usually brings headaches. As was said yesterday, when an effort is made to get a bill involving some fifty billion or sixty billion dollars through a legislative body, with only a few hours, at the most, to study its probable effects, it may be expected to engender a headache.

The pending bill has been held up as guaranteeing to small business the right to continue operations, as helping them with the termination of their contracts. Yet in the bill itself there is denied to them the right to appeal unless the Government grants that right or takes the business over, and that is at the discretion of the man who terminates the contract.

So, as we now stand, we have a termination bill before the Senate whose sole purpose is to permit the speedy termination and liquidation of the assets of the prime contractors, to permit them to liquidate with their subcontractors, or the Government may assume responsibility, relieve the prime contractor of his liabilities to his subcontractors, and proceed to liquidate the claims itself.

There is not a single provision in the bill which would compel anyone to convert to production if he did not wish to, even if he felt it was not appropriate for him. There is not a single provision in the bill providing any method of allocating the termination, any method of deciding whether an airplane plant in one town shall be discontinued and in another town another plant shall continue, whether an engine factory in one town shall be discontinued, and not in another town,



We had an illustration of that in the case of a plant which formerly had been making radio tubes, a company which had two plants, one in one State and one in another. The company decided not to make any more tubes in the plant in one State. They did not decide to convert the plant, although the other plant they owned was in a highly congested No. 1 manpower area.

Instead they decided to force the movement of some 700 employees from an uncrowded area into a crowded area, rather than move a few carloads of machinery from a crowded area into an uncrowded area where they could take better care of their employees, and in fact to produce a radio tube more cheaply than it could have been produced in the crowded area. Wage rates in the crowded area were high; living costs were much higher; it was impossible to find room. It took some 2 months to convince that corporation that it was more economical to move a little machinery than it was to force a migration of 700 individuals.

With central direction and control the question of surplus property, the disposal of the surpluses in the contracted plants, the disposal of the manpower, can all be considered when the decisions are reached as to which plants shall be discontinued. Without centralized control each separate bureau will decide what plants it wants to terminate, and its officials in the field will decide that termination. If they suddenly decide that, shall we say, Chicago is not a desirable site for a plant producing for the Navy, they will terminate its contract.

At the same time the air service may decide that it will shut down an engine plant there, the ordnance department may shut down a plant which makes gun mounts, and the Quartermaster Corps may shut down some plant which is making uniforms. What will be the result? We simply will have turmoil in Chicago, with people trying to find a way to get out. The plants are shut down. The contractor in each plant has been satisfied. He has been paid his liquidated damages. His plant is in the process of being cleared; money has been paid to take care of the clearing of that plant, but due to the lack of centralized control there is chaos in the community.

Mr. President, it seems to me that with the experience of the past to guide us, we would do well, before passing legislation on the subject, to establish adequate controls, to set up a central agency. We know how hard it is to superimpose the controls after an agency is established. We know that difficulty in business, in government, and everywhere else, because we are a highly competitive nation, a nation which lives and moves and has its being by competition. We are proud of our individual accomplishments. We are proud of our companies and of our plants. With this highly competitive life that we lead, and with those in Government agencies following the same trend that the same kind of people in business follow, it is very likely that we will get a disjointed and poorly balanced process of terminating contracts without

study being made of national needs, without a carefully prepared program based upon full knowledge. It is absolutely necessary in the passage of termination-of-contract legislation, first to set up central authority to coordinate the activities of the entire demobilization, or mobilization and conversion picture, in the form of an administrator of mobilization and conversion. Second, to give to that administrator the advice and the experience of representatives of all phases of our economy in the form of an advisory committee. Third, to furnish him with a planning agency which can study these matters and advise him as to a national plan, not the plans of individual departments and agencies, but on one plan—one plan which is Nationwide in scope. Unless we establish a planning agency and create an over-all director of demobilization, when we set up termination machinery, there is the danger of confusion arising from the existence of many plans.

My amendment does not in any way amend or seek to change the terms of termination in the bill which was introduced by the Senator from Montana [Mr. MURRAY] and the Senator from Georgia [Mr. GEORGE]. It adds to it additional titles, titles which I feel are vital to the proper operation of the bill. They are not items in conflict with the bill, they are not items which detract from it, but rather they add to it.

For that reason, Mr. President, I strongly feel the Senate should seriously consider the amendment, that the Senate should look at termination not as a mere satisfaction of, shall we say, plant ownership, which is what the pending bill does, not simply to satisfy the financial needs of the plant owners, not simply to get rid of contracts which have been entered into and which the changing stages of war have made unnecessary, or which peace will totally wipe out.

Senators will remember that after the last war we had a very small problem of termination, but it waxed rather large in the public eye because of some of the ways in which it was handled by divergent groups and divergent agencies. This time the problem is much more vast. Where after the last war a small sum was involved, the proponents of the pending termination-of-contracts bill insist that at this time it will run into \$50,000,000,000 or \$60,000,000,000.

Fifty billion dollars or sixty billion dollars of the taxpayers' money properly used and properly safeguarded and properly planned for will maintain the economy of the United States, will wipe out the necessity of relief which may otherwise have to go to people who will be thrown out of jobs. It will result in a proper replacement of our population where that population belongs, and proper return of the individuals to the place where their best efforts can be used in building up and reestablishing the competitive economy of the United States, of which we have been so proud. It will assist in bringing back those who have been forced by the needs of our production to leave their homes and go into congested areas.

In brief, Mr. President, my amendment, in title I, sets forth the objectives. It gives to the Director the necessary power to meet his problems. It provides for other officers, the contract settlement or termination directors, the program planning directors, and fixes their powers. If we adopt the amendment we shall have a planned demobilization. If we fail to adopt the amendment we shall go into an unplanned contract termination, we shall go into a situation which we have no assurance will provide, in the shortest possible time, the needed civilian articles which our people are crying for, because there are no guaranties provided. We enter upon a program under which we may have vast unemployment in certain sections, and enforced migration to other sections where employment may be sought, but with no assurances that employment may be had.

Senators ask why this matter is so urgent at the present time. The Senator from Rhode Island [Mr. GREEN] yesterday very ably called the attention of the Senate to one matter which I wish to stress a little in closing. Yesterday when I asked that action on the bill be delayed until next week to afford an opportunity to study the various phases of the bill and the subject, and to study the amendments, it was urged that unless the bill were taken up and passed immediately, it would be impossible to pass it later, because of the legislative calendar. At the same time it was stated also that all the things about which I am talking would be taken up immediately after the passage of the bill. If it is impossible, because of the legislative calendar, to take any more time for the consideration of those matters, the only conclusion I can draw is that the proponents now seek only contract termination this year, with no centralized control, no planning, no program, but merely the handing out of money to prime contractors who have already made fixed fees for contracts, many of them operating Government plants.

Therefore, if we are to take the arguments adduced yesterday, and if we are to consider them as sound, the only purpose right now is this: "Let us get the money for the prime contractors, and then let us wait until next year"—if the arguments are correct—"before we take care of any planning"—but after it had become too late to plan.

We cannot plan a battle after it is fought. We cannot plan a national program after chaos has resulted from the lack of planning. The planning must be done in advance. The controls must be set up in advance. We must provide in advance for the centralized handling. Various phases of the program might produce chaos, if there were lack of planning to handle the situation in the proper way. But with proper handling, if we would just permit that to be done—and it would take only a short time to bring that about, if everyone would co-operate—we would have that system functioning for the best interests of the national economy.

To state the matter in terms of an experience which many of us have had, I

ask whether we shall retain 3,000 or 4,000 counsel to settle our contractual differences, or whether we shall compromise our losses with the prime contractors, each on his own basis, without providing for anything else. If we do so, then "termination" becomes only the payment of liquidated damages for breach of contract. But as "termination" has been held up to the people of the country and to the small businessmen—and I have heard the small businessman spoken of a great deal—it is not merely the liquidation of damages but it is the conversion of a war industry into a peace industry, as the changing steps of war permit. It is the gradual conversion of our population from a war economy to a peace economy—not in great jumps and jerks, spotted all over the country, not with a tremendous amount of suffering involved, not with the turning back into unskilled labor, with no opportunity for training, of workers who have been partially trained in industry on repetitive work, not by merely disposing of a lot of products, but by planned progression carefully worked out, by converting each plant or its workers as its products become obsolescent or unnecessary to some other phase of the war effort.

That is the purpose of the amendment. In other words, the purpose of the amendment is to make the termination a complete one, not a liquidation of damages for breach of contract.

Mr. President, at this time I should like to read into the RECORD the following release which shows the interest of the farmers in the proposed amendment. The release was issued by the National Farmers Union. The heading reads as follows:

The following telegram has been sent by the National Farmers Union, President James G. Patton, in support of the Kilgore amendment (S. 1823) to the Murray-George contract termination bill (S. 1718).

The release then lists the Senators to whom the telegram has been sent. The list includes a large part of the membership of the Senate.

The telegram is as follows:

Strongly urge you to support amendment to contract termination bill (S. 1718) incorporating amended Kilgore bill (S. 1823). We, concurring with three labor organizations, feel that enactment of contract termination alone will make much more difficult consideration and acceptance of other vital phases of conversion from wartime production for abundance to peacetime production for abundance. Three phases, contract termination, conversion including the use of Government-owned war plants, facilities, and materials, and unemployment compensation for veterans and civilian workers should be dealt with in a single bill.

Working farm families can have markets for their products at fair prices only if we as a people fully use all human and material resources to achieve full employment and full consumption. The issue is production for abundance and peace, under a publicly sanctioned program, or production for scarcity, privately arranged and publicly policed. We urge you to vote for the Kilgore amendment which will provide a beginning in production for abundance with less regimentation than would be necessary to maintain scarcity with chronic unemployment

and a heavy relief load that would sap our strength as taxpayers, producers, and consumers.

JAMES G. PATTON,  
President, National Farmers Union.

Mr. President, this telegram has come from an organization which is not seeking unemployment compensation for its workers. It is endeavoring to make sure that the national economy is kept in balance, in order that the farmers may sell their products. Their product is food. Their interest is in the sale of food to the American people. They well remember the days when the farmers of the Middle West were burning grain. At that time the coal miners of my State could not mine coal because the western farmers who could not sell their grain had no money with which to buy coal. Consequently, when the miners could not mine the coal, they were unable to buy grain to eat.

The telegram comes from a farmers' organization which asks for nothing except a balanced economy in this country, and which believes that mere contract termination will not be enough. That organization knows, as was patently shown yesterday, that if the legislative program is as has been stated by the proponents of the bill, it probably will be impossible to get any of these matters handled until next year. It realizes that by that time the situation will be so badly out of balance that the farmers—and I mean by that the dirt farmers; they are the ones who really produce—will find it impossible to operate properly.

I should like to read into the RECORD an item published in Labor's Monthly Survey, of the American Federation of Labor, for May 1944:

A. F. OF L. ENDORSES PRINCIPLES OF KILGORE BILL

Provision for the interests of business is an urgent need. But we consider that human rights are more important than property rights. We believe that the future of this country and of the world depends on human beings and on their welfare. For these reasons the A. F. of L. has endorsed the general principles of the Kilgore bill, S. 1823, the only bill which provides for the needs of all groups in the economy and which makes it possible for these groups jointly to function in a coordinated effort for full production and employment. It is the only bill which implements the A. F. of L. policies as outlined in the A. F. of L. post-war plan. It is based on an understanding that neither industry nor agriculture can survive without the sustained purchasing power of workers fully employed at adequate wages; that those who are willing and able to work are entitled to jobs at adequate wages, or if unemployed through no fault of theirs, they are entitled to adequate unemployment compensation for the period of the emergency; that they are entitled to payment of transportation for themselves and their dependents to new jobs; that they should have opportunities for further education or retraining. The bill further provides for the needs of industry in the disposition of Government-owned goods and plants, policies regarding cutbacks and priorities for the allocation of materials with special emphasis on the interests of small business.

The bill creates an office of war mobilization and adjustment to coordinate all Federal activities with a view to maximum war mobilization and full production and employment now, during the reconversion and in peacetime. It provides for a director

and for a national production-employment board consisting of representatives of industry, labor, agriculture, and the consuming public. It also establishes joint industry-labor councils for particular industries and areas, which are to be set up by the director in consultation with the board. Officials of the office and other Federal officials concerned with war mobilization and post-war adjustment are to consult regularly with the board and with the industry-labor councils. If the features of this bill are incorporated in the Murray bill, S. 1718, there will be balanced protection for all.

We anticipate that with the best of plans, there will be at least 11,000,000 unemployed during the reconversion period. The length of time of their unemployment will depend on the speed of reconversion and will vary from a few weeks to many months. Many workers are in congested war areas where there will be no post-war jobs for them. They will need information as to available jobs, possibly retraining, and funds to pay their transportation costs to their new jobs.

It is a national responsibility to take care of a national emergency. Neither the State unemployment compensation laws nor the present United States Employment Service are adequate now to handle the gigantic task ahead in helping workers to find jobs or to tide them over the period of unemployment. We are, therefore, urging: (1) A national employment service; (2) Emergency unemployment compensation for 2 years and a national system thereafter. We point out that our armed forces are not professional soldiers but returning civilian workers. We urge that their demobilization be timed so they can get jobs at once.

The phase of transportation alone is of vital importance in contract termination. When a plant employing 20,000 workers is closed, the services of the workers may be badly needed elsewhere. If they could be picked up by the Employment Service and taken to a new job and put to work, that would be far better than having them remain and stagnate in the town where the original plant was located, hoping against hope and listening to rumors from day to day to the effect that the plant is to resume operations tomorrow. Without planning, that is the very thing we shall be up against.

With all these considerations in view, I believe it is incumbent upon the Senate to study carefully this amendment and the necessity for establishing over-all controls which are so necessary to handling contract terminations. I strongly urge the Senate seriously to consider the amendment to Senate bill 1718, and, if possible, let us put through the entire bill. Let us take care of the over-all plan, and not merely seek to pay liquidated damages to plant owners.

Mr. KILGORE subsequently said: Mr. President, I ask unanimous consent to have added to the remarks I made a short time ago the statement which I send to the desk, made by the Senator from Missouri [Mr. TRUMAN], on the subject about which I spoke.

There being no objection, the statement was ordered to be printed in the RECORD as follows:

The so-called Murray-George bill is now before the Senate. It provides for the settlement of claims arising from terminated war contracts and for speeding reconversion of war production to civilian production as war conditions permit. I am glad that this measure is now before the Senate, because I



believe that it is essential that the question of contract termination be thoroughly discussed and promptly acted upon. Intelligent consideration and speedy action are imperative if the job of reconversion is to be accomplished without seriously injuring our complicated economic system. Only by such an approach can we breach the gap between maximum war production and employment, and full employment and production in the post-war world.

We know that the period between the cancellation of war contracts and the full resumption of civilian activities will be a most difficult one. But we also know that the resources of this country in materials, manpower, plant facilities, and purchasing power are sufficient to create and sustain an economy of a higher and better type than that which we enjoyed before the war. However, we can only create prosperity if we are equal to the tasks that confront us.

The return to peacetime operations will require many adjustments. Many of these will have to be determined by the Congress, and the task of the Government will be to determine the standards by which business is to operate in such a way that businessmen will know where they stand. Much, too, will depend upon the courage and ability of leadership in labor. The great gains which labor has made must not be imperiled. In this connection, our outstanding labor leaders have voiced their opposition to piecemeal legislation to handle the problems of reconversion, with priority given to property legislation. These leaders have outlined their own program to protect war workers against unemployment during demobilization. Such protection is vital to the welfare of the Nation.

Many millions are engaged in manufacturing and mining operations. Any failure to provide work for even a small fraction of these will have the most serious consequences if it should continue for any appreciable period. Congress must determine that the aftermath of this war shall not be a depression in which our returning soldiers and our war workers will be without employment.

In studying and discussing the Murray-George bill, I strongly urge my colleagues to proceed at once to consider and pass comprehensive legislation dealing with our important national production and employment problems in the transition from war to peace.

#### BOARD OF VISITORS, UNITED STATES MERCHANT MARINE ACADEMY

The PRESIDING OFFICER (Mr. TUNNELL in the chair) laid before the Senate the amendment of the House of Representatives to the joint resolution (S. J. Res. 77), to establish a Board of Visitors for the United States Merchant Marine Academy, which was to strike out all after the enacting clause and insert:

That there shall be appointed in the month immediately following the enactment of this act and in January of each year thereafter, a Board of Visitors to visit the United States Merchant Marine Academy, which shall consist of two Senators and three Members of the House of Representatives, appointed by the chairman of the committees of the Senate and the House of Representatives, respectively, having cognizance of legislation pertaining to the United States Merchant Marine Academy, the chairmen of said committees being ex officio members of the Board, and of one Senator and two Members of the House of Representatives appointed by the President of the Senate and the Speaker of the House of Representatives, respectively: *Provided*, That whenever a member or an ex officio member is unable to attend the annual meeting as provided in paragraph (b) of this section another member may be appointed in his stead in the manner as herein provided but without restriction as to month of appointment.

(b) Such Board shall visit the United States Merchant Marine Academy annually on a date to be fixed by the Chairman of the United States Maritime Commission. Each member of the Board shall be reimbursed under Government travel regulations for the actual expense incurred by him while engaged upon duties as a member of such Board.

Mr. BAILEY. Mr. President, I move that the Senate concur in the House amendment. The difference between the Senate action and the House action is very slight. The object is to establish a Board of Visitors for the United States Merchant Marine Academy, and that object would be accomplished by the House amendment. The difference relates entirely to the number to be appointed. As passed by the Senate, the joint resolution provided for the appointment of four Senators, in addition to the chairman of the Committee on Commerce of the Senate, the four Senators to be designated by the chairman of the Senate Committee on Commerce. The House amendment provides for the appointment of two Senators by the chairman of the Committee on Commerce and one by the Vice President, with a similar method of appointing Members from the House.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from North Carolina.

The motion was agreed to.

#### SEIZURE OF MONTGOMERY WARD PLANT

Mr. HAWKES. Mr. President, in discussing the seizure of Montgomery Ward & Co.'s business by the Federal Government, I wish to state that I fully concur in and endorse the statements made by the junior Senator from Illinois [Mr. Brooks], in his speech before the United States Senate last Tuesday, May 2.

The Montgomery Ward seizure by the Government simply focuses the attention of the people on the great issue which, in my opinion, involves the very essence of constitutional guaranties of American liberty.

I sat on the National War Labor Board as one of the original appointees of President Roosevelt, and served for a number of months as an industry member of that Board. I can say without qualification that every industry member on that Board, then and since, has recognized that the successful prosecution of the war to victory is the one outstanding objective of all patriotic Americans.

I was opposed to enforced maintenance of union membership then, as I am now, on the ground that there is nothing in the law which gives any Government agency the right to force a man to stay in a union, continue as a member, pay dues and assessments which are oftentimes levied in arbitrary fashion, and to do all this as a condition precedent to his having the right to work and earn a living.

The honest, patriotic American working men and women are vitally and unfavorably affected by such an order as that issued in the Montgomery Ward case, which is an infringement and destruction of their constitutional rights as free Americans.

The working people of this Nation should realize that the same bayonets that are used at the direction of the

Chief Executive illegally to seize private property can now or at another time be used to seize the property of the unions, the officials of the unions, and even to herd the working people of the Nation into submission to the will of some man or Government agency, contrary to the rights guaranteed by the Constitution of the United States to all citizens of the Republic.

The President himself said, when he failed successfully to solve the coal strike situation, "You cannot mine coal with bayonets." I invite attention to the fact that a business cannot be successfully conducted with bayonets.

To my mind the whole Montgomery Ward issue has been much beclouded in discussing what maintenance of union membership means, and to becloud the issue further there has been injected the point that when the National War Labor Board issues an order for maintenance of union membership it gives a 15-day so-called escape clause, which permits any member of the union at that time to withdraw within 15 days without losing his right to work.

I ask any American who knows anything about the operations of organized labor unions, if he were in the union and the Government became more or less the partner of the union in organizing and forcing membership upon the working people, would he feel safe in going to and coming from his work if he availed himself of this 15-day escape clause?

If he does not know the answer, let him ask any honest American workingman who has faced this situation, and he will explain that it would be a most uncomfortable, if not a dangerous, procedure. Let him ask the workingman's family, who sit up nights waiting for him to come home. I know whereof I speak because I have received letters from wives and daughters of workingmen who have tried this process of freeing themselves from membership in the union.

The real issue in this case is that the administration wished to impose its will upon Montgomery Ward, and I believe any fair-minded American who will analyze the facts will agree that this is so.

Back in November 1943, when the Montgomery Ward collective-bargaining contract was about to expire, the National War Labor Board, by the simple raising of a hand, could have arranged for an election involving only a few thousand employees at Chicago. That election could have been held, and within a very few days it could have been definitely known and determined whether the C. I. O., serving as collective-bargaining agent, was supported by a majority of the employees of Montgomery Ward & Co. in accord with the requirements under the law.

The whole case is as simple as that, regardless of the various issues thrown into it by the National War Labor Board, the Attorney General, or any other Government agency.

Mr. Avery and his associates were clearly within their rights in asking for an election to determine the correct bargaining agency under the law. If they had substantial reason to doubt that the

C. I. O. held a majority of the employees in its membership, they were clearly bound by duty under the law to determine the fact.

No employer has the right, under the law, to bargain with any minority group regarding wages, hours, and conditions of employment for all his employees.

The people of the United States are not interested in the complicated issues involved in this case, but they want to know that their Government is not becoming the partner of either labor or capital when there is a dispute between them.

The people want to know that we are not creating dictatorship at home while we are sending millions of our men abroad to destroy it.

The people realize that the principle involved in this case can easily lead to invoking the same principle against the smallest business in the United States if it suits the will of those who seek to intimidate the American people into submission.

The people want to know that our Government agencies are interested in settling disputes rather than creating quarrels which lead to disunity at a time when we need absolute unity in order to win the war.

They want to know that when the Government can settle a case, such as the Montgomery Ward case, by one simple order to hold an election, it will be done.

The people also want to know that Congress will review the powers which have been given to the Chief Executive in the interest of the successful prosecution of the war. If Congress finds that it has given power which validates such an act as took place in Chicago in the use of the Army to seize private property, rather than resort to the due process of law prescribed by the Constitution of the United States, then Congress will pass a clear, unmistakable law which will preserve constitutional guarantees in such a way as not to interfere with the successful winning of the war.

For this reason I was strongly in favor of and supported the resolution offered by the able and distinguished junior Senator from Virginia [Mr. BYRD], which calls for a full and complete investigation of the whole situation with the expectation that the Congress will correct any excess grant of powers which it may have given.

I hope the Chief Executive of this Nation and other agencies of government will recognize that the Constitution of the United States is what the American people are fighting to preserve and that it is the duty of each of us to settle, in an American and legal way, promptly and amicably, differences that may arise.

We must avoid the creation of unnecessary quarrels and disturbances. Both labor and ownership should remember that voluntary cooperation is the foundation of Americanism and that victories obtained today through the use of unfair methods may turn out to be the disastrous defeats of tomorrow.

When we speak of preserving the Constitution of the United States, we must always remember that its preservation

involves the prior preservation of the independence of the three branches of the Government. When Mr. Biddle states, "The court should not substitute its judgment for that of the Executive," he is virtually saying that we should disregard the independence of the three branches of the Government and that the court should be subservient to the will of the Chief Executive.

I assert that Attorney General Biddle's statement, which I have just quoted, is one of the most amazing statements which have come to the American people from the present administration.

Thomas Jefferson left a great admonition with the American people when he said, "Speak not to me of trusting officials. Let them be bound by the chains of the Constitution. We have no other protection."

Woodrow Wilson, who was our war President during the First World War, stated, "The history of a free people is the history of limitations on government."

It is the duty of the President of the United States to protect, preserve, and defend the Constitution of the United States, not only as to acts of the people outside the administration, but the very acts of the administration itself.

I think the American people will submit to any hardships and suffering necessary to win the war. But I think they are tired of being told that any question on their part as to what is necessary is proof of lack of patriotism. A healthy functioning and cooperative civilian economy is just as necessary as armed forces for the winning of the war. Unnecessary restrictions which disrupt a strong civilian economy are a direct injury to the war effort. The questions involved in this issue transcend all party lines and partisan politics.

Mr. President, I ask unanimous consent to have printed in the RECORD as a part of my remarks, and at the conclusion thereof, a letter written to me by Mr. Thomas Roy Jones, a former industry member of the National War Labor Board, and now president of the New Jersey State Chamber of Commerce, which is composed of large and small business throughout the State of New Jersey.

I may add that the State of New Jersey held first place in production of war materials at the beginning of the war and now ranks among the first five States of the Union in its productive contribution of vital and necessary war materials.

**THE PRESIDING OFFICER.** Without objection, the letter submitted by the Senator from New Jersey will be printed in the RECORD.

(The letter is as follows:)

MAY 2, 1944.

HON. ALBERT W. HAWKES,  
Senate Office Building,  
Washington, D. C.

DEAR AL: You and I have been industry members of the National War Labor Board and therefore are in an especially good position to realize why New Jersey businessmen are so concerned with the implications in the taking over of Montgomery Ward. We hope Congress will investigate this matter fully and that the serious issues raised will

be settled on the basis of fundamental principles.

We believe Congress should conduct a thorough inquiry into every aspect of the Ward case. Have Federal agencies exceeded the scope of their authority in the procedure followed by them? The situation in our judgment calls for a definition of the Federal Government's war powers in clear and simple terms which cannot be misunderstood.

The New Jersey State Chamber of Commerce has been deluged with letters and inquiries since the Montgomery Ward seizure. These indicate the tremendous interest in our State in this unprecedented action.

New Jersey businessmen are deeply disturbed by the argument made in Federal court on Monday by Attorney General Biddle in his efforts to justify the Montgomery Ward action. Mr. Biddle's statement that "the court should not substitute its judgment for that of the Executive" is a peremptory demand by the national administration that the courts surrender their constitutional function.

Under the procedure which the Attorney General seeks to justify, no business, group, or individual activity, war or nonwar, is beyond seizure by administration agencies. This is a dangerous philosophy and very properly is causing deep concern throughout the entire country.

Congress should take immediate steps to prevent abuse of wartime powers. Here in America, we are not willing to see constitutional processes and civil rights swept away and abrogated in dictatorial fashion.

We believe that in the seizure of the Montgomery Ward property the Federal Government has raised issues which must now be settled by Congress on the basis of fundamental principles. This is essential if the rights of business and labor and the welfare of every American citizen are to be protected.

1. Shall any one employer or employee be compelled to recognize a union as bargaining agent for all employees until it has been proven by legal election that the union which claims to represent the majority of the workers has such a majority of members in good standing?

2. Is governmentally enforced maintenance of union membership a legal and an American proceeding?

3. Is the President empowered to seize an industry, not directly engaged in war production, for the purpose of enforcing the decisions of the War Labor Board which was created to prevent industrial stoppages and slow-downs in war industries?

When the National War Labor Board orders maintenance of union membership, as it has in the Montgomery Ward and many other cases, it means that any person who is a member as of a specified date, or thereafter becomes a member of the labor organization involved, must maintain his membership in that union in order to hold his job. This includes the payment of dues and assessments and compliance with the union rules. The union, under such a War Labor Board order, can require the employer to fire from his job any employee for violation of any of the union rules. This places in the hands of union officials the power of dictatorship over the lives of free American workmen.

1. We believe in the right of labor to organize, to bargain collectively by lawfully established processes, and to strike lawfully in peacetimes.

We believe in the right of each American to choose voluntarily whether he wishes to join or not to join or remain a member of any labor organization. In like manner we believe that each American has the right to decide for himself whether he shall be or remain a member of any church, fraternal organization, society, political party, or any other lawful group. The withdrawal or the



suspension of the rights of any person to join or not to join a private organization imperils the individual's rights with respect to choice of membership in any other organization.

2. We believe that there must be equal justice for labor, management, and ownership. These three vital factors in American life must function together under voluntary cooperation, with full respect for law and order, with due regard for the rights of each group, and with particular regard for the rights of the general public.

3. We believe that it is un-American and unnecessary for the successful prosecution of the war, and a violation of the liberties of any person to force him to remain in a labor union and pay dues in order to work and earn a living.

4. We believe that labor has the same deep interest as management and ownership in avoiding unnecessary and improper seizure of property by the Government. All should remember that the same army that is used to seize business property can be used to seize union officials and the property of the union members.

5. The President of the United States has said, "You cannot mine coal with bayonets." By the same token, you cannot conduct American business with bayonets.

6. We believe that government must not become the partner of any one group—labor or business, and in all the disputes that arise, government must maintain strict impartiality in the administration of the law as established by the Congress representing the people. The administrators of government must keep themselves free from the charge of influence from pressure groups, or of political expediency.

We recommend that Congress should decide whether the President and the National War Labor Board have acted within or beyond the scope of their authority in the procedure which they have followed. The Congress should decide promptly whether such authority is required for the successful prosecution of the war. We believe the American people expect their representatives in Congress to define the war powers of the Chief Executive in simple and clear terms which cannot be misunderstood by the Chief Executive or the Government agencies. This should be done by the enactment of laws which can be clearly construed by our courts in wartime as well as peacetime, and in accordance with constitutional guarantees.

We recommend that Congress promptly review the powers it has granted for the purpose of prosecuting the war and where excessive and unnecessary power has been granted, that it should be withdrawn.

We further recommend that new legislation be enacted without delay to prevent abuses and unnecessary restrictions of the people's rights by anyone.

Sincerely yours,

THOMAS ROY JONES,  
President.

#### SETTLEMENT OF CLAIMS ARISING FROM TERMINATED WAR CONTRACTS

The Senate resumed the consideration of the bill (S. 1718) to provide for the settlement of claims arising from terminated war contracts, and for other purposes.

**THE PRESIDING OFFICER.** The question is on agreeing to the amendment offered by the Senator from West Virginia [Mr. KILGORE].

Mr. MURRAY. Mr. President, I have listened with close attention to the remarks made by the able Senator from West Virginia [Mr. KILGORE], and I wish to say that I am in full agreement with his statement that it is absolutely essential that the human side of the problem

of reconversion shall be considered in connection with the total problem. I wish to say also that I am in full accord with the statement setting forth a program of required legislation issued by the labor organizations of the country which was printed in the RECORD yesterday. It would be absolutely unthinkable to pass contract-termination legislation without following it with an over-all program for reconversion. It is unfortunate we did not have the over-all legislation ready at the time when the contract-termination bill was prepared. It was the original intention, indeed, it was the fixed policy of the Committee on Post-war Economic Policy and Planning of the Senate, under the chairmanship of the Senator from Georgia [Mr. GEORGE], to have all this legislation combined in one bill, but it was found impossible to have the other legislation prepared at the time the contract-termination bill was finally prepared and ready for consideration by the Senate. That legislation was urgent because of the volume of contract terminations. It was only on that account that the contract-termination feature of the program was divorced from the over-all legislation. The Committee on Post-war Economic Policy and Planning through its chairman [Mr. GEORGE] has promised that it will immediately give consideration to the other proposed legislation and will take every step necessary to have it enacted at the earliest possible moment.

My committee also has been working on the same problem, and recently I sent an identical letter to various labor groups and also to industry, asking them for their recommendations with reference to the problem of unemployment. I wish to introduce that letter into the RECORD at this point, and to call attention to the fact we are beginning now to receive letters from industry answering that communication.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

UNITED STATES SENATE,  
COMMITTEE ON MILITARY AFFAIRS,  
April 27, 1944.

Various industry and labor groups have requested that provision be made for dismissal wages to be paid to workmen rendered unemployed on account of termination of war contracts, and that employers be reimbursed by the Government for any such payments.

In this connection several requests have been received to include a provision to that effect in S. 1718, the contract-termination bill introduced by Senator GEORGE and myself. In answer to those requests, my staff prepared and distributed some time ago a preliminary draft of a dismissal-wage provision for insertion into S. 1718.

After careful consideration of the comments received on the staff proposal for dismissal wages, I have come to the conclusion that the medium of dismissal wages is inadequate for the purpose of providing financial aid to those who will become unemployed as a result of war-contract termination. I believe that the only satisfactory way of coping with that problem is through unemployment compensation. It is my opinion that it will be necessary for the Federal Government to assist the States in providing more adequate unemployment compensation and to strengthen the financial resources of State

unemployment funds. I have come to this conclusion for the following reasons:

1. The problem of unemployment resulting from war-contract termination is one of the Nation's many war problems. In part at least, therefore, the cost of coping with that problem ought to be considered a cost of the war and, like other war costs, be paid from the United States Treasury. Without Federal aid, however, the increased burden would have to be borne by State unemployment funds, and many employers may have to be taxed more heavily under experience-rating provisions in order to meet increased drain on the State funds.

2. To a large extent, unemployment compensation during the period of reconversion should be considered in the nature of a stand-by wage payable while many plants are being reconverted to peacetime production. Under many present State plans, unemployment compensation is inadequate in amount and duration for this purpose. Without adequate stand-by wages many employers would be compelled to continue workmen on their pay rolls at their own expense, although having no work for them, in order to maintain their labor force in readiness when reconversion is completed. Many employers—especially those operating with limited financial resources—will be financially unable to bear such an additional reconversion expense, and such employers should not be placed at a competitive disadvantage by comparison with employers who can afford this expense.

3. Adequate unemployment compensation is essential for the maintenance of the purchasing power of the masses of our people during any period of large-scale unemployment. Without maintaining mass purchasing power, civilian production may be discouraged because sufficient markets may be lacking.

In support of these views I would like to refer you to a recent speech by Mr. James F. Byrnes, Director of War Mobilization, given before the Academy of Political Science, entitled "Preparation for Peace on the Home Front." After discussing the inadequacy of dismissal wages, he stated as follows:

"The existing State unemployment insurance laws were framed to meet local conditions of temporary unemployment and are not adequate to deal with the Nation-wide problem of reemployment. Demobilization must be regarded as a national problem and its costs as part of the costs of the war."

"I think the most constructive approach to this problem is to supplement existing State unemployment benefits to the extent necessary to give workers, during the transition from war to peace, suitable unemployment benefits to be prescribed in a Federal demobilization law."

I am giving consideration to two plans:

1. The Federal Government would pay one-half of the unemployment compensation paid under State unemployment-compensation laws. This proposal would not provide for any Federal standards as to amount or duration of benefits and would leave all action with respect to liberalization of present unemployment benefits to the initiative of the States. For that reason it might not bring about the desired results. However, if the States wished to act, the money would be available.

2. Under the second plan, Federal financial aid to any State would be conditioned upon the State meeting certain Federal standards as to amount, duration, coverage, etc., of unemployment benefits. Any State which would meet the standards established by Congress could elect to receive Federal financial aid in either of the two following ways:

- (a) Fifty percent Federal reimbursement for all unemployment-benefit payments made by the State; or
- (b) One hundred percent Federal reimbursement for unemployment payments in

excess of those which would otherwise have been paid under State law.

I should greatly appreciate your comments on the proposed program of emergency Federal financial aid to State unemployment funds and the two preliminary plans suggested for carrying out such a program.

Sincerely,

JAMES E. MURRAY,  
Chairman, War Contracts Subcommittee.

Mr. MURRAY. Mr. President, I have here a letter from Mr. J. Tyson Stokes, vice president, legal department, of the Baldwin Locomotive Works. I shall ask that his letter be printed in the RECORD, but first I wish to call attention to two sentences in the letter of Mr. Stokes. He says:

I heartily agree with your conclusion that the only satisfactory way to cope with this problem is through unemployment compensation.

This question of unemployment during reconversion is so essentially one of national economic policy that the cost of Federal aid to the States should, I think, be borne by all of the taxpayers to the same extent that all of the taxpayers bear the cost of war.

I ask that the entire letter of Mr. Stokes be printed at this point in the RECORD.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

THE BALDWIN LOCOMOTIVE WORKS,  
Philadelphia, May 1, 1944.

Hon. JAMES E. MURRAY,  
Chairman, War Contracts Subcommittee,  
Senate Office Building, Washington,  
D. C.

MY DEAR SENATOR MURRAY: I have read with interest your letter of April 27 in regard to S. 1718 and the question of dismissal wages to be paid to workmen who become unemployed as a result of the termination of war contracts.

I heartily agree with your conclusion that the only satisfactory way to cope with this problem is through unemployment compensation and that it would not be practical or possible to provide for dismissal wages in legislation dealing only with the termination of war contracts.

With respect to the two alternative plans referred to in your letter, I should prefer to see the adoption of plan (1) because I am one of those who feel that matters of this kind should be handled as far as possible by the several States rather than through the Federal Government. At least, I think the States should have the opportunity to cope with the problem and that the Federal assistance under plan (1) should be all that is necessary to initiate activity on the part of each State. I suppose that whether one prefers plan (1) or plan (2) depends largely on one's personal political philosophy.

As to the method of reimbursing the States, I believe that either the 50-percent reimbursement under A or the 100-percent reimbursement under B would be satisfactory. The important thing, in my opinion, so far as Federal reimbursement is concerned is to see that the burden of this charge on the Government falls on all of the taxpayers in the country rather than on particular employers whose experience rating under the State laws may involve larger contributions than other employers whose experience rating is more favorable. This question of employment during the reconversion period is so essentially one of national economic policy that the cost of Federal aid to the States should, I think,

be borne by all of the taxpayers to the same extent that all of the taxpayers bear the cost of war.

Very truly yours,  
J. TYSON STOKES,  
Vice President, Legal Department.

Mr. MURRAY. I wish to state further, Mr. President, that at a hearing before the Military Affairs Subcommittee today in which Members of the House of Representatives participated, General Hines testified on the human aspects of demobilization and post-war adjustment.

I asked General Hines if he could submit specified recommendations within 2 weeks. The general stated that he would do so within 2 weeks—after discussing the matter with the President and with Mr. Justice Byrnes.

From the scope of the subjects covered in the testimony I am confidently looking forward to recommendations from General Hines covering the following subjects:

First. The rate of demobilization from the armed services.

Second. The question of treating veterans and war workers on an equal basis.

Third. Unemployment compensation for workers and veterans.

Fourth. Education and retraining.

Fifth. Transportation back home.

Mr. President, I think that is all I have to say at this time.

Mr. KILGORE. I suggest the absence of a quorum.

The PRESIDING OFFICER (Mr. TUNNELL in the chair). The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Alken	Eastland	Overton
Austin	Ellender	Radcliffe
Bailey	Ferguson	Reed
Ball	George	Revercomb
Bankhead	Gerry	Reynolds
Barkley	Gillette	Robertson
Bilbo	Guffey	Russell
Brewster	Hatch	Shipstead
Bridges	Hawkes	Smith
Brooks	Johnson, Colo.	Stewart
Buck	Kilgore	Taft
Burton	Langer	Thomas, Idaho
Bushfield	Lucas	Thomas, Okla.
Capper	McCarran	Tunnell
Caraway	McFarland	Tydings
Chavez	McKellar	Vandenberg
Clark, Mo.	Maloney	Wagner
Connally	Maybank	Walsh, Mass.
Cordon	Mead	Weeks
Danaher	Millikin	Wheeler
Davis	Murdock	White
Downey	Murray	Wilson
	O'Mahoney	

Mr. BARKLEY. I announce that the Senator from Washington [Mr. BONE], the Senator from Virginia [Mr. GLASS], and the Senator from New Jersey [Mr. WALSH] are absent from the Senate because of illness.

The Senator from Utah [Mr. THOMAS] has been appointed by the President of the United States as a delegate to attend the International Labor Organization Conference in Philadelphia, and is, therefore, necessarily absent.

The Senator from Missouri [Mr. TRUMAN] and the Senator from Washington [Mr. WALLGREN] are absent on official business for the Special Committee to Investigate the National Defense Program.

The Senators from Florida [Mr. ANDREWS and Mr. PEPPER], the Senator from Kentucky [Mr. CHANDLER], the Senator from Idaho [Mr. CLARK], the Senator from Rhode Island [Mr. GREEN], the Senator from Alabama [Mr. HILL], and the Senator from Arkansas [Mr. McCLELLAN] are detained on public business.

The Senator from Nevada [Mr. SCRUGHAM] is absent on official business. The Senator from Texas [Mr. O'DANIEL] is necessarily absent.

The Senator from Indiana [Mr. JACKSON] is absent attending a funeral.

Mr. WHITE. The Senator from New Hampshire [Mr. TOBEY] is absent because of illness.

The Senator from Oregon [Mr. HOLMAN], the Senator from Nebraska [Mr. BUTLER], the Senator from Oklahoma [Mr. MOORE], the Senator from North Dakota [Mr. NYE], the Senator from Nebraska [Mr. WHERRY], and the Senator from Indiana [Mr. WILLIS] are necessarily absent.

The Senator from Wisconsin [Mr. WILEY] is absent on official business.

The PRESIDING OFFICER. Sixty-eight Senators have answered to their names. A quorum is present.

The question is on agreeing to the amendment offered by the Senator from West Virginia [Mr. KILGORE].

Mr. KILGORE. I ask for the yeas and nays.

The yeas and nays were not ordered. Mr. KILGORE. I ask for a division.

Mr. LANGER. A parliamentary inquiry. What is the question on which the Senate is voting?

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from West Virginia to Senate bill 1718. The Senator from West Virginia has asked for a division.

On a division, the amendment was rejected.

Mr. DAVIS subsequently said: Mr. President, I should like to have the RECORD show in regard to the amendment offered by the Senator from West Virginia [Mr. KILGORE] to Senate bill 1718, that if I had had an opportunity to vote on the amendment I would have voted for it.

Mr. LANGER subsequently said: Mr. President, I should like to have the RECORD show the same statement on my own behalf as has been made by the distinguished senior Senator from Pennsylvania.

The PRESIDING OFFICER. The committee amendment is before the Senate and open to further amendment.

Mr. REVERCOMB. Mr. President, I should like to make an inquiry which I feel can be answered by the Senator from Montana [Mr. MURRAY], with respect to an amendment which we discussed, which is proposed to be offered on page 83, in subsection (f) of section 20. That amendment to the committee amendment has not been offered, and if it is appropriate to offer it at this time I should like to do so.



Mr. MURRAY. I have no objection to the amendment.

Mr. REVERCOMB. I offer the amendment, which I send to the desk and ask to have stated.

The PRESIDING OFFICER. The amendment will be stated.

The CHIEF CLERK. In section 20, subsection (f) on page 83, line 23, it is proposed to strike out the words "If the officer or employee receives therefor no benefit or compensation of any kind, directly or indirectly, from any war contractor," and insert in lieu thereof the word "any."

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from West Virginia [Mr. REVERCOMB] to the committee amendment.

The amendment to the amendment was agreed to.

The PRESIDING OFFICER. The question is on agreeing to the committee amendment, as amended.

The amendment, as amended, was agreed to.

The PRESIDING OFFICER. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed for a third reading, and was read the third time.

The PRESIDING OFFICER. The question is, shall the bill pass?

The bill (S. 1718) was passed.

Mr. MURRAY subsequently said: Mr. President, I am gratified by the speed with which the Senate has acted on Senate bill 1718 today. I believe that this handling of the termination of war contracts problems shows that Congress is capable of coping with the other intricate problems of our economic readjustment after the war. However, Congress will not have discharged its responsibilities by the mere passage of Senate bill 1718. The bill contains general policy statements, and makes it the responsibility of the contracting agencies and the director to carry out those policies. The two principal policies of the bill are to assure fair settlements and adequate interim financing to all war contractors, whether they be prime contractors or subcontractors, and to protect the interests of the Government in connection therewith. There is, of course, danger that those policies may not be carried out or, more specifically, that inadequate attention may be paid to subcontractors in connection with settlements and interim financing, and that extravagant and wasteful settlements may be made. Senate bill 1718 specifically provides in Section 2 that the "appropriate committees of the Senate and the House of Representatives shall study each report submitted to the Congress under this act and shall otherwise maintain continuous surveillance of the Government agencies under the act." This responsibility on the part of Congress to see to it that the policies laid down by the Congress are carried out is a serious one, and it must be discharged properly if the power of Congress in our democratic system of government is to be maintained.

#### EXTENSION OF LEND-LEASE ACT

Mr. CONNALLY. Mr. President, I move that the Senate proceed to the consideration of House bill 4254 to extend for 1 year the provisions of the lend-lease legislation.

The PRESIDING OFFICER. The bill will be stated by title for the information of the Senate.

The CHIEF CLERK. A bill (H. R. 4254) to extend for 1 year the provisions of an act to promote the defense of the United States, approved March 11, 1941, as amended.

Mr. BRIDGES. Mr. President, I wish to make one inquiry, if I may, of the Senator from Tennessee. Will the Senator from Texas yield for that purpose?

Mr. CONNALLY. I yield.

Mr. BRIDGES. I understood that the Senator from Tennessee, the acting chairman of the Appropriations Committee, had a group of experts working on the lend-lease matter, and that we were about to receive a report on the general operations of lend-lease. I wonder if the Senator from Tennessee intended to present the report before or during the period of consideration of the lend-lease measure.

Mr. McKELLAR. The Senator is correct with respect to the report. I will say that there is a call for a meeting at 1:45 p. m., today, of the subcommittee which considered this matter. The Senator from New Hampshire is a member of that subcommittee.

Mr. BRIDGES. Yes.

Mr. McKELLAR. There is also to be a meeting of the full Appropriations Committee at 2 o'clock this afternoon. Unless objection is made, I am going to anticipate by making a brief statement with respect to lend-lease and I shall ask that when the report comes in it may be made a part of my remarks. Is that satisfactory to the Senator from Texas and other Senators? If so, I shall make the statement now.

Mr. ELLENDER. Mr. President, will the Senator from Texas yield?

Mr. CONNALLY. I yield.

Mr. ELLENDER. It was my understanding that the bill would not come up for consideration until the report, to which the Senator from Tennessee has just referred, was made public.

Mr. McKELLAR. It will be made public after 2 o'clock today.

Mr. ELLENDER. When does the Senator from Texas desire to take up the lend-lease bill—now?

Mr. CONNALLY. I have already moved that the Senate proceed to consider the bill, so that it may be made the pending business. I ask the Chair whether action has been taken on my motion.

The PRESIDING OFFICER. The motion made by the Senator from Texas is still pending.

Mr. CONNALLY. The motion to proceed to consideration of the lend-lease measure is pending.

Mr. ELLENDER. I was hopeful that consideration of the bill would be postponed until some of us had had time to study the report which is to be sub-

mitted by the distinguished Senator from Tennessee.

Mr. McKELLAR. I have no doubt that the Senator from Texas would be willing that that be done, but I should like to submit the report at this time.

Mr. CONNALLY. Mr. President, I will say to the Senator from Louisiana that it is my purpose, if the Senate agrees to my motion to proceed to consideration of the bill, to request the Senator from Tennessee to make the report which he has in mind, and then, after a very brief statement by me as chairman of the Committee on Foreign Relations, the Senate will probably recess until tomorrow, so as to give Senators an opportunity to peruse the report which the Senator from Tennessee will present.

Mr. ELLENDER. That is satisfactory to me.

Mr. McKELLAR. I was about to say that I shall ask that the report be published in the CONGRESSIONAL RECORD and printed as a Senate document, so everyone can understand exactly what has been done under lend-lease.

Mr. ELLENDER. Mr. President, will the Senator from Texas yield?

Mr. CONNALLY. I yield.

Mr. ELLENDER. Does the Senator from Texas know whether or not the Truman committee has completed its report on the lend-lease proposal?

Mr. CONNALLY. I cannot at the moment say about that. I can ascertain whether it has been completed.

Mr. ELLENDER. I was under the impression that that report would also be forthcoming before the question of renewing lend-lease legislation would be taken up by the Senate.

Mr. WHITE. Mr. President, will the Senator yield?

Mr. CONNALLY. I yield.

Mr. WHITE. I want to be sure I understand the program. I have understood from some conversation which has taken place in the Chamber that we would proceed now with the lend-lease bill, with the understanding that it would not be disposed of today, but would go over until tomorrow.

Mr. CONNALLY. That is correct.

Mr. WHITE. And that at the conclusion of the consideration of the bill tomorrow the Senate would then recess until Tuesday.

Mr. CONNALLY. That is the program as I understand it, that we proceed a short time today on the lend-lease bill, and then recess until tomorrow, and that tomorrow, when the consideration of the bill is completed, the Senate will then recess until Tuesday.

Mr. ELLENDER. Before voting on the bill?

Mr. CONNALLY. No. We will vote on the lend-lease measure probably tomorrow, but I mean in the course of things we would then recess from Friday until Tuesday.

I renew my motion that the Senate proceed to the consideration of House bill 4254.

The motion was agreed to; and the Senate proceeded to consider the bill (H. R. 4254) to extend for 1 year the provisions of an act to promote the defense

of the United States, approved March 11, 1941, as amended.

Mr. CONNALLY. Mr. President, if the Senator from Tennessee will wait a moment before he proceeds with his statement?

Mr. McKELLAR. Yes, indeed.

Mr. CONNALLY. The Committee on Foreign Relations of the Senate has favorably reported House bill 4254, submitted Report No. 848 to accompany the bill, and requests favorable consideration of the bill by the Senate. The bill simply provides for an extension for 1 year of the so-called lend-lease legislation, except that it carries an amendment which was not incorporated in former enactments. The House inserted this provision as an amendment to section 3 (b) of the act:

*Provided, however, That nothing in this paragraph shall be construed to authorize the President in any final settlement to assume or incur any obligations on the part of the United States with respect to post-war economic policy, post-war military policy, or any post-war policy involving international relations except in accordance with established constitutional procedure.*

That is a safeguard which the House inserted in the bill, and to which the Senate committee agreed.

Mr. President, in view of the fact that the Senator from Tennessee, as chairman of the Committee on Appropriations, has given very thorough consideration to the operations of lend-lease in connection with appropriations for that activity, I yield the floor at this time to him in order that he may give the Senate a picture of the situation, and in order that the report may be printed in the RECORD tonight for the information of Senators in their consideration of the bill. It is not my purpose to insist upon a vote on the bill today.

Mr. DANAHER. Mr. President, there was one point in the statement made by the Senator from Texas [Mr. CONNALLY] to which I should like to invite his attention at this time. After indicating that in the language adopted by the House of Representatives there appeared a proviso, the Senator explained that its insertion is designed to insure against having the President in a final settlement commit us to certain obligations which are mentioned. It becomes clear, upon reading, that the limitation upon the President's authority to act is prospective, when one refers to the words "incur any obligations on the part of the United States"; so that in any "final settlement," as the proviso reads, the President, under the authority of this particular paragraph, would have no power to incur any obligations with respect to post-war economic policy, and so forth. I think the Senator will agree with me in my understanding that the provision is prospective in application when it is considered with reference to the word "incur." Is that not correct?

Mr. CONNALLY. The language is—

In any final settlement to assume or incur any obligations.

I assume that what is meant is that during the processes of administration of this act there will be temporary ar-

rangements for settling certain things, but that under all the master agreements there must be, in the ultimate accounting and reckoning, a final settlement. Certainly as to that the President will not be authorized to incur or assume obligations on the part of the United States.

Mr. DANAHER. I agree with the construction the Senator has placed on that language; and, so far as the word "incur" is concerned, that applies prospectively, entirely.

Mr. CONNALLY. I think so.

Mr. DANAHER. But between now and the date of any final settlement it is assumed, at least, possible that the President might wish to enter into certain obligations. Therefore, I dare say, the draftsmen used the word "assume," in the language "assume or incur," in the sense of limiting any commitment the President might make between now and the date of the final settlement. Is that correct?

Mr. CONNALLY. Mr. President, in the main I agree with the Senator; and yet I am prepared to take the position that this language applying to the final settlement would have the effect, according to my theory, of vacating any temporary or tentative agreements which might have been made prior to the final settlement, because the final settlement will constitute the definitive terms upon which the whole program will be discontinued.

Mr. DANAHER. So that even though some unauthorized operations might now be undertaken, at the time of final settlement the President would not look to this section as the basis for binding action; is that correct?

Mr. CONNALLY. That is correct.

Mr. DANAHER. I thank the Senator.

Mr. CONNALLY. I yield the floor.

Mr. McKELLAR obtained the floor.

Mr. CONNALLY. Mr. President, does the Senator from Tennessee desire to have the absence of a quorum suggested?

Mr. McKELLAR. No; I believe not. I wish to make a statement at this time, because I have a committee meeting scheduled for quarter to 2 this afternoon.

Mr. CONNALLY. Mr. President, will the Senator yield to me for a moment?

Mr. McKELLAR. I yield.

Mr. CONNALLY. I wish to say that I hope all Members of the Senate will give attention to what the Senator from Tennessee has to say about this matter; because this bill is merely an authorization, as the others have been; and, of course, the actual appropriations have to be passed on by the Appropriations Committee. The Appropriations Committee has made a very careful investigation and examination of the reports on the lend-lease operations, and Senators probably will derive a better understanding from what the Senator from Tennessee is about to say than from any other source.

Mr. McKELLAR. Mr. President, I thank the Senator. I wish to say to the Senate that about 4 months ago, as Senators will recall, the Senate Appropriations Committee borrowed five men from certain of the departments for the purpose of making expert examinations of

certain questions of great importance which came before the Congress. One of the most important of those was lend-lease. This committee was put in charge of it some time ago.

On November 26, 1943, the Subcommittee on Deficiencies submitted to the staff of the Committee on Appropriations a request for as much information about lend-lease as it was possible to obtain. The report which will be filed a little later, is in answer to the request for information made at that time.

The investigation was made upon a suggestion by the Senator from Maryland [Mr. TYPINGS], a member of the committee, in May 1943, to Mr. Stettinius. The Senator from Maryland has collaborated with the auditors in arranging this information in the best possible form so that it may be easily understood. Mr. Stettinius was then the Administrator of Lend-Lease, and since that time has been appointed Assistant Secretary of State. Mr. Leo T. Crowley has been appointed the Administrator of Lend-Lease, and is now the Administrator.

I wish to say that our staff has met with the fullest and most cordial cooperation and assistance from all departments and agencies concerned, including the interdepartmental committee, and I am very much pleased with the nature and value of the work of the expert staff of the Committee on Appropriations. We tried it out. As Senators know, the Appropriations Committee has only four clerical assistants, all told; namely, one stenographer, one clerk, and two expert clerks—Mr. Smith, the secretary of the committee, and Mr. Tolbert, the assistant secretary. An immense amount of work has devolved upon them during this war. This staff has been of great assistance to the regular clerical force of the committee. I do not suppose any clerks of any committee have been busier than have the clerks of the Appropriations Committee, and I take pleasure in saying that in my judgment this staff has done excellent work.

Exhibit 10 to the report of the committee investigators, which will be filed a little later, will show that lend-lease aid amounts to \$21,794,237,819.

Let me read that figure again.

Mr. VANDENBERG. Once is enough for me. [Laughter.]

Mr. McKELLAR. It is a very large amount of aid.

Mr. BRIDGES. Mr. President, will the Senator yield?

Mr. McKELLAR. I yield.

Mr. BRIDGES. Does that include transfers from the War Department, the United States Army, or the United States Navy, in the field, or does it represent straight appropriations?

Mr. McKELLAR. It represents lend-lease aid entirely. There were other expenditures, and our staff has reported the amounts of such expenditures, which I shall give to the Senate in a moment. If the Senator is in doubt about any matter, I hope he will interrupt again.

These amounts are divided as follows: The British Empire has received in lend-lease aid \$15,640,479,250, out of a total of \$21,000,000,000 plus. Russia has received



\$4,161,422,010; China, \$418,296,436; Latin America, \$158,537,916; other countries, \$582,891,622. General aid, given in various ways and amounts, aggregated \$832,610,585. This general expense includes moneys expended for production facilities in the United States, storage and distribution services, and general expenses, which together with the other amounts, aggregate a total of \$21,794,237,819.

To repeat, the British Empire received a little more than fifteen and a half billion dollars, and Russia received \$4,161,422,010. However, it must be explained to the Senate that there were other items expended in foreign countries which our committee has examined and reported upon. We have made loans through the Export-Import Bank, and there were other loans made which will be referred to hereafter. We have made loans aggregating \$854,423,225. We made a grant of an insignificant sum of \$31,985. There were investments of \$4,099,362. We have constructed facilities in various countries amounting to \$1,465,842,209. We purchased goods in other countries—and I hope Senators will keep this in mind—amounting to \$4,172,856,091.

The current expenses of all these transactions amount to \$1,638,872,746, and other aid and expenditures aggregated \$432,323,922, or a grand total in loans, investments, purchases, and in several other ways which I have just enumerated, of \$30,362,687,362.

I am reading from notes, something that I do not often do, because I wish to be very accurate about the figures, and I thank Senators for listening to the notes rather than what I might say about it.

Of this expenditure, approximately \$19,700,297,674 has gone to Great Britain and her Empire; \$4,214,921,449 has gone to Russia; \$2,327,378,789 has gone to Latin America.

It will be recalled that last winter quite a controversy arose following a visit to Central and South America by the distinguished Senator from Nebraska [Mr. BUTLER]. Upon his return it was claimed that \$6,000,000,000 or \$8,000,000,000 had been expended in South America. I then showed that there had been expended during the fiscal years 1941, 1942, and 1943 the sum of \$1,483,373,000, and that during the fiscal year 1944 approximately \$1,000,000,000 additional would be expended.

It will be seen from these figures that the exact amount expended in Latin America was \$2,327,378,789, as was demonstrated last winter.

Mr. TAFT. Mr. President, will the Senator yield?

Mr. McKELLAR. I yield.

Mr. TAFT. Does that include such things as the Army building airports in Brazil, Cuba, and so forth?

Mr. McKELLAR. It does.

Mr. TAFT. Does it include also strictly Army expenditures?

Mr. McKELLAR. Yes; Army and Navy expenditures. It includes all moneys expended by Lend-Lease and by other authorities having the power to expend. I am now talking about the

\$30,000,000,000, the over-all sum, which includes the Army, the Navy, the Foreign Economic Administration—

Mr. TAFT. Does it include loans made by the Export-Import Bank?

Mr. McKELLAR. It includes all loans made by the Export-Import Bank, and it includes all moneys expended and all purchases made. The Senator may recall that a few moments ago I particularly emphasized that we had made purchases in foreign countries amounting to more than \$4,000,000,000.

For obvious reasons, the committee has not reported the amounts going to each Central or South American country, but the committee has the figures, and any Senator may see them at any time. I think I should say that Brazil received a larger amount than did any other South American country. There were two reasons for that. At that time it was felt that the West Coast of Africa, especially the port of Dakar, would fall into the hands of the Germans, and it was feared that Germany might undertake an invasion of this hemisphere by that route, it being only about 1,800 miles from the nearest coast of Brazil. Therefore considerable sums were expended in Brazil to aid her in protecting her coasts from German invasion. As I recall the amount, it was about \$100,000,000. A considerable sum was also expended for the production of rubber, and for this reason I am giving the total amount expended in Brazil. The total amount expended in Brazil up to date is \$427,742,152, of which \$1,536,227 was lend-lease expenditure.

Let me say to the Senator from Ohio that the Army and Navy expended a very considerable sum in Brazil, looking to a possible invasion of this hemisphere because of the expected German occupation of west Africa. That was not carried through, and nothing happened. Those expenditures, of course, have ceased.

Mr. TAFT. Can the Senator tell us whether the figures as to Brazil include commitments for future advances for such projects as the development of steel plants? I have understood that there were such commitments. I presume these figures represent only actual expenditures.

Mr. McKELLAR. These are only actual expenditures. As I have already stated, considerable funds have also been expended in experiments looking to the production of rubber. Senators will recall that our supply of rubber from the East Indies, where we obtained most of our rubber, was cut off, and an attempt was made to promote the production of rubber.

It will also be recalled that Argentina has never joined the Allies, and that no lend-lease assistance whatever was given to her, as the record will show.

In a moment I shall give a summary of the investigators' report. I refer to page 29. The summary covers from March 11, 1941, to March 31, 1944, and Government expenditures abroad for the fiscal years 1941, 1942, and 1943, and for that portion of the fiscal year 1944 for which different agencies had figures available ranging from 4 to 8 months. The report shows a total figure of ap-

proximately \$30,000,000,000, distributed as follows:

Lend-lease aid.....	\$21,794,237,819
Loans.....	854,423,225
Grants.....	31,985
Investments.....	4,099,362
Construction of facilities.....	1,465,842,209
Purchases.....	4,172,856,091
Current expenses.....	1,638,872,748
Other aid.....	432,323,923

Total..... 30,362,687,362

Distributions were made geographically as follows:

British Empire.....	\$19,700,297,674
Russia.....	4,214,921,449
Latin America.....	2,327,378,789
China.....	920,349,451
Other countries.....	3,199,739,999

Or a total of \$30,362,687,362.

Mr. President, I have the committee recommendations which I wish to have inserted in the RECORD as a part of my remarks, but I will not read them. I ask unanimous consent that they may be inserted in the RECORD.

Mr. BRIDGES. Mr. President, will the Senator yield?

Mr. McKELLAR. I yield.

Mr. BRIDGES. What does the Senator mean by committee recommendations? The committee has not met as yet.

Mr. McKELLAR. No; I know that. My statement is predicated on the action which will be taken by the committee.

Mr. BRIDGES. I think that before we agree to the unanimous-consent request of the Senator from Tennessee, the committee should meet and pass upon these matters.

Mr. McKELLAR. Mr. President, I withdraw the request for the present, until after the committee has met and acted.

I doubt whether the war could be successfully conducted in any other way than through the lend-lease program. From the facts presented to our committee I believe that the program has been faithfully, honestly, and efficiently carried out. I believe the program should be continued, and I hope the bill will be passed.

At this time I ask that all members of the Appropriations Committee retire and meet, and pass upon the report.

Mr. President, I ask unanimous consent to have printed in the RECORD at this point as a part of my remarks the preliminary report of the committee investigators to the Senate Committee on Appropriations on lend-lease aid and Government expenditures abroad, and I also ask unanimous consent that it be printed as a Senate document.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

The report was ordered to be printed as a Senate document (S. Doc. No. 190), and to be printed in the RECORD, as follows:

PRELIMINARY REPORT ON LEND-LEASE AID  
MAY 1, 1944.

The CHAIRMAN,  
Subcommittee on Deficiencies,  
Committee on Appropriations,  
United States Senate.

DEAR MR. CHAIRMAN: Under date of November 22, 1943, the Subcommittee on Deficiencies directed that the following data be secured:

"1. By countries, all lend-lease aid given by the United States.

"2. By countries, all lend-lease aid furnished the United States.

"3. We will want to know in reasonable detail what the aid contained in propositions 1 and 2 consists of.

"4. We want to know the extent of purchases and for which made, by countries, of the Bureau of Economic Warfare.

"5. We want to know the expenditures and purposes for which made, by the Coordinator of Inter-American Affairs.

"6. We want to know the expenditures and the purposes by countries made by the R. F. C. and all branches thereof.

"7. We want to know what the purchases or loans were by foreign countries made by the Export and Import Bank.

"8. We want to know the expenditures made by the Army and by the Navy in foreign countries and the purposes for which expended.

"9. We want to know the expenditures by foreign countries made to our Army or Navy other than by lend-lease in reverse for use of our Army and Navy.

"10. Finally, we want a master set of books showing by countries what each has received under any agency of our Government and we want to know by countries what we have received from any agency of any other government. Finally, again we want a super-balance sheet which shows these totals by countries in dealings direct and indirect of our expenditures and theirs in any and all foreign fields."

It will be seen from the very nature thereof that the assignment is a continuing one, the ultimate aim of which is to develop a record of lend-lease aid and expenditures abroad that will be of material benefit to the committee on Appropriations and to the Congress at the time hostilities have ceased and settlements between the nations are undertaken. It is felt advisable, however, at this time to submit a preliminary report to the committee setting forth the progress that has been made, the difficulties that have been encountered, and the steps that are being taken ultimately to furnish the information desired.

#### GENERAL

After a study of the Lend-Lease Act and the various appropriations made thereunder, a letter was addressed to the various departments and agencies of the Government involved calling for the submission of reports setting forth the following information:

1. Lend-lease aid—to be shown under the various heads of the Lend-Lease Act, namely: Ordnance and ordnance stores; aircraft and aeronautical material; tanks and other vehicles; vessels and other watercraft; miscellaneous military equipment; facilities and equipment; agricultural, industrial, and other commodities; testing, reconditioning, etc., of defense articles; services and expenses; administrative expenses.

2. Loans.

3. Grants.

4. Investments.

5. Construction of facilities.

6. Purchases.

7. Current expenses of United States Government agencies.

8. Any other aid furnished to or expenditures made in or for the benefit of a foreign country, but not included in any of the above categories.

9. The amounts of aid, expenditures, contributions, etc., made by other countries for the benefit of the United States or for the joint benefit of the United States and the foreign country, in the prosecution of the war, this report to cover the same period and be set up in the same manner and detail as

the one showing the aid, etc., furnished by the United States.

Shortly after sending out this letter, in contacting the Foreign Economic Administration and other agencies it was learned that there was in existence an Interdepartmental Committee to Study Recording and Reporting of Lend-Lease Transactions and Government Expenditures Abroad. This interdepartmental committee was the outgrowth of the suggestion by Senator TYDINGS, made during the hearings before the Senate Committee on Appropriations in May 1943 to Mr. Stettinius, then Administrator of Lend-Lease, of the necessity and advisability for having some central agency through which all aid and expenditures abroad could be coordinated and from which records periodic statements for the benefit of the Congress could be prepared. At the suggestion of Mr. Stettinius the study was undertaken by the Bureau of the Budget, with representatives from the State Department, Treasury Department, War Department, Navy Department, and Foreign Economic Administration comprising the committee. The function of the interdepartmental committee was to appraise the methods of accounting and reporting, and to make recommendations for desirable improvements therein; it was not called upon to produce dollar figures or even estimates of foreign transactions.

When the representatives of the Appropriations Committee learned of the existence of the interdepartmental committee, it was realized that there would be duplication of effort to the extent of the study of the methods of accounting and reporting. Accordingly, to avoid this duplication of effort, and at the same time to take advantage of the work accomplished and time spent by the interdepartmental committee—comprised of men thoroughly familiar with all phases of aid being rendered and expenditures made—contact was made with the chairman of the committee. It was learned that the interdepartmental committee had completed its work and was in the process of writing its report and, in a fine spirit of cooperation, your representatives were invited to sit in on several of its meetings. As a result of the discussions at these meetings, and others with the chairman of the committee, the report of the interdepartmental committee was submitted to the Appropriations Committee by letter of the Director of the Bureau of the Budget to Senator McKELLAR, acting chairman of the Senate Appropriations Committee, dated March 11, 1944.

The principal recommendations of the interdepartmental committee were:

1. That early action be taken in designating an agency as a clearinghouse for all records and reports concerning international transactions.

2. That each agency involved in international transactions designate a liaison office for contact with the clearinghouse.

The more important of the specific recommendations made by the committee are set forth on pages 15, 16, and 17 of its report.

#### ESTABLISHMENT OF CLEARINGHOUSE

In line with the recommendation of the interdepartmental committee, the President, in a letter addressed to the Honorable Leo T. Crowley, Administrator, Foreign Economic Administration, under date of April 7, 1944, directed him to establish such a clearinghouse in the Foreign Economic Administration, under a director to be appointed by him. The functions of the clearinghouse include:

"1. To develop, in cooperation with the other agencies concerned, such forms and procedures as will assure the necessary information on our transactions relative to foreign areas.

"2. Where more than one agency is involved, to collaborate with the agencies of whom information is requested in furnishing such information within, of course, the limits of security requirements.

"Information to be covered by this arrangement should include, particularly, transactions on account of international aid, relief in liberated areas, procurement abroad, loans and financial aid, and all other Government outlays and expenditures abroad and receipts from abroad, and also inventory information concerning military and nonmilitary installations, improvements, and stock piles abroad."

The President further stated that it would seem advisable to establish an advisory interdepartmental committee to assist the director, which committee might, among others, include representatives of the Department of State, Department of the Treasury, War Department, Department of the Navy, Department of Commerce, the Bureau of the Budget, and the Office of the Coordinator of Inter-American Affairs. (A copy of the President's letter is attached hereto, marked "Exhibit I.")

Furthering the spirit of cooperation which has been exhibited by officials of the Foreign Economic Administration, Mr. Crowley, under date of April 15, 1944, addressed a letter to Senator McKELLAR, advising him of the action of the President and requested that a representative of the investigative staff of the Senate Appropriations Committee be named to serve on the advisory committee. (A copy of this letter is marked "Exhibit II.")

With the findings of the interdepartmental committee thus made available to the Appropriations Committee, the staff centered its efforts on securing reports showing the value of aid rendered and the amount of expenditures abroad. The original reports called for were to be submitted as of October 31, 1943, with monthly reports thereafter. For several of the agencies, particularly the War and Navy Departments, the reports to October 31, 1943, have been the only ones received. This, of course, is due to the delay in information reaching them from all parts of the world. For other agencies reports have been received up to and including February 29, 1944.

For the purpose of this report, comments will be made on each of the items set forth in the memorandum of the Subcommittee on Deficiencies, with tabulated statements attached to show the details. In this connection the attention of the committee is respectfully invited to the requests of the War and Navy Departments that, for reasons of military security, the figures furnished herein be kept secret. It is also the desire of the Foreign Economic Administration that the break-down of lend-lease aid by countries be kept confidential; and the Coordinator of Inter-American Affairs likewise requests that the country-by-country break-down of the expenditures of his office be kept confidential.

#### APPROPRIATIONS

Lend-lease appropriations made to the President total \$24,683,629,000. Of this amount a total of \$22,576,626,477.54 has been allocated to various departments and agencies of the Government, leaving an unallocated balance as of February 29, 1944, of \$2,107,002,522.46. Of the amount allocated, the sum of \$18,748,927,285.53 has been obligated by the departments and agencies to which allocated, leaving an unobligated balance of \$3,827,699,192.01. The available funds (unallocated and unobligated) as of February 29, 1944, therefore amounted to \$5,934,701,714.47. (A statement showing the status of the lend-lease appropriations is attached, marked "Exhibit III.")

In addition to the lend-lease appropriations made to the President, transfers from



appropriations made to the War and Navy Departments and to the Maritime Commission have been authorized to the extent of \$35,970,000,000. In reports of lend-lease aid furnished, however, no distinction is made as to the appropriations under which the items were procured or transferred.

In addition to the foregoing, Congress has with certain limitations authorized the leasing of ships of the Navy and merchant ships constructed with funds appropriated to the Maritime Commission, without any numerical limitation as to the dollar value or the number of such ships which may be so leased.

#### DIRECT LEND-LEASE

Lend-lease aid to January 31, 1944, amounted to \$21,794,737,819. Of this total, \$20,961,627,234 represented actual transfers to lend-lease countries, including items totaling \$549,487,264 consigned to United States commanding generals for subsequent transfer in the field. The remainder of \$832,610,585 covered charges not allocated to the lend-lease countries, as follows:

Production facilities in the United States	\$604,993,000
Storage and distribution services and facilities in the United States	94,584,566
Transportation charges, supplies, and materials for vessels, ferrying of aircraft expenses, miscellaneous and contingent expenses	99,813,019
Administrative expenses	33,220,000
<b>Total</b>	<b>832,610,585</b>

The figure of \$20,961,627,234, representing actual transfers to lend-lease countries, is distributed as follows:

Ordnance and ordnance stores	\$2,546,442,101
Aircraft and aeronautical material	3,854,473,980
Tanks and other vehicles	3,047,854,819
Vessels and other watercraft	3,346,058,940
Miscellaneous military equipment	834,920,143
Facilities and equipment	540,144,111
Agricultural, industrial, and other commodities	5,410,118,412
Testing, reconditioning, etc., defense articles	511,035,784
Services and expenses	321,091,680
Consigned to commanding generals for subsequent transfer	549,487,264
<b>Total</b>	<b>20,961,627,234</b>

From a geographical standpoint, the distribution is:

British Empire	\$15,640,479,250
Russia	4,161,422,010
China	418,296,436
South American republics	136,944,906
Mexico and Central American republics	17,440,208
Caribbean area	4,152,802
Other countries	582,891,622
<b>Total</b>	<b>20,961,627,234</b>

(A table showing a further distribution of these figures is attached as exhibit IV.)

In this connection it is felt advisable to bring to the attention of the committee comments made by the Foreign Economic Administration, the War Department, and the Navy Department, as follows:

#### "FOREIGN ECONOMIC ADMINISTRATION

"An important limitation exists in the figures for the United Kingdom in that they are not broken down to show retransfers to the dominions and colonies. In the early days of the lend-lease program it was agreed that all requests for goods or services for the British

Empire would be made on United Kingdom requisitions. This was done to insure that all possible materials would be furnished from within the Empire before lend-lease aid was requested, to permit the greatest flexibility in the distribution of all materials from within the Empire in accordance with the shifting strategy of modern war, and for other military reasons. Consequently, our records were set up on this basis and it is not possible at this time to determine from the total goods transferred the value of retransfers by the United Kingdom to the dominions and colonies. We have, however, the basic records from which this information can be obtained.

"The need for this information has been recognized, however, and we are proceeding with the work of breaking down the transfer data as rapidly as possible. It is a sizable job and several months will be required to complete it. As a stopgap, to serve until the distribution of United Kingdom transfers have been completed, we have furnished a break-down of lend-lease exports to the constituent parts of the British Commonwealth. There is a close relationship between goods exported and goods transferred and it is believed that the exports data will provide a satisfactory indication of the destination of goods transferred until such time as the compilation of retransfers has been completed.

#### "WAR DEPARTMENT

"(a) Some duplication exists between the amounts reported monthly to the Foreign Economic Administration by the War Department for lend-lease aid and the expenditures reported in paragraph 7 of this submission for the reason that supplies purchased in foreign countries may be transferred to the foreign government as lend-lease aid. The amount of this duplication cannot be determined.

"(b) Aid furnished by overseas theaters is valued by the theater and the accuracy of such values cannot be verified in the War Department as the condition of the items transferred is not known. Reports are not complete on this aid furnished.

"(c) Diversions to United States Army use of lend-lease war material by theater commanders have not been eliminated from transfers reported to the Foreign Economic Administration. Reports received from theaters were incomplete and not priced. Those data have been returned to the field for completion and evaluation.

#### "NAVY DEPARTMENT

"The following comments on reports of transfers are pertinent. Transfers are not reported until the transaction is complete, and all documents, including a receipt signed by an agent of the foreign government, has been received in the Navy Department.

"Services rendered are reported as a transfer when it is possible to identify them with

a foreign requisition. Where it is not possible to identify a service with a specific foreign requisition, as for example, freight charges on miscellaneous lend-lease material, the expenditure is handled in one of two ways, i. e.,

"(a) If made from an allocation of funds to the Navy from lend-lease appropriations to the President, it is reported to F. E. A. as a lend-lease expenditure under category 9 of the allocation without reference to nation; or

"(b) If made from a naval appropriation it is reported as an expenditure from that appropriation for the purpose of the appropriation without reference to lend-lease, and no report is made to F. E. A.

"No attempt has been made to assign production facilities to specific foreign nations, they are all considered as United States facilities, and in most cases are used by the United States as well as for the nation whose requisition may have prompted their initiation. The cost-of-production facilities, when financed from allocations from lend-lease appropriations to the President, is reported to F. E. A. as an expenditure against category 6 of the allocation, without reference to foreign nation. No report is made to F. E. A. when such facilities are financed from regular naval appropriations. With the exceptions dealt with herein in section No. 4, all such facilities, however financed, are in the United States.

"No attempt has been made to evaluate information imparted under the terms of the Lend-Lease Act and no report has been made to F. E. A.

"In addition to the exceptions in reports to F. E. A. noted in the foregoing, there are other minor exceptions. For example, in determining inspection, handling administrative and like costs which are incurred in dealing with lend-lease activities it is usually not possible effectively to segregate and prorate the lend-lease portion from the regular Navy portion. Such costs have therefore been absorbed by the naval appropriations.

"The valuations of transfers reported to F. E. A. and of expenditures of allocations of lend-lease funds from appropriations made to the President have been based on costs as determined by contract or purchase price or by actual expenditures from the allocations made. It is clear that in view of the exceptions cited above, this is not the true cost. Given time and effort a close approximation to the true cost might be made."

#### REVERSE LEND-LEASE

The problem of reporting and valuing reverse lend-lease aid constitutes one of the most difficult and complex problems with which the United States Government is faced in its program of mutual aid with foreign governments.

As of March 15, 1944, reciprocal aid was reported as follows:

Country	Source of information	End date of report	Amount
United Kingdom:			
In United Kingdom	United Kingdom Government	Dec. 31, 1943	\$1,366,170,000
In areas outside British Isles	do	do	160,000,000
Australia	Australian Government	do	362,365,000
New Zealand	New Zealand Government	do	91,888,000
India	U. S. Army and W. S. A.	do	116,251,000
South Africa	Union Government	June 30, 1943	145,000
Belgian Congo	Army	Nov. 30, 1943	284,000
French North and West Africa	Army, Navy, W. S. A. (estimated)	Jan. 1, 1944	30,600,000
New Caledonia	New Caledonian Government	Mar. 14, 1943	315,000
French Equatorial Africa	Army	Aug. 31, 1943	50,000
Netherlands in Surinam	do	Oct. 31, 1943	85,000
Russia	Russian Government	Sept. 30, 1943	1,000,000
<b>Total</b>			<b>2,229,151,000</b>

<sup>1</sup> Does not include raw materials other than benzol.

It must be borne in mind that the above figures represent estimates, and are not final.

The reporting of reciprocal aid has been difficult. Originally, the Army and Navy required its overseas commanders to report the aid received in detail, as well as the value thereof, determined either on the basis of values furnished by foreign governments or, alternatively, estimates by United States military or naval personnel. As the volume of reciprocal aid increased, this reporting requirement became a very heavy burden. In the case of the United Kingdom, particularly, the British Government stated that it could not individually price "issue vouchers" covering goods provided to our forces, inasmuch as its accounting system was not established on such a basis that individual prices could readily be determined, and the manpower which would be required to determine such individual prices could not be spared from more important tasks contributing directly to the prosecution of the war.

Faced with the lack of any indication of costs from the British Government in the great majority of items being obtained, our forces concluded that a separate pricing or estimating of value by them would call for a large staff of price analysts whose services could not be spared from the war effort. Moreover, it was felt that even a large force of price analysts would face grave difficulties in arriving at fair estimates of value, due to the dissimilarity of foreign and United States items, the great variety of items involved, etc.

Accordingly, in October 1942, the instructions to our forces overseas with respect to the reporting and valuation of reciprocal aid were revised to permit the recording of aid in terms of a description of items received, in order to permit subsequent evaluation in Washington when that became necessary. Any values furnished by foreign governments, however, were to continue to be reported to Washington. Many reports of this nature have been received and are on file in the Foreign Economic Administration, but up to the present time no action has been taken to evaluate them, as it is felt that any evaluation at the present time would be purely arbitrary and subject to receipt of further information from foreign governments which may not be available until after the war.

As public interest in reverse lend-lease increased during subsequent months, and because of the desire of the Congress and interested Government agencies to obtain, if possible, some monetary measurement of the volume and scope of reciprocal aid, it became apparent that some attempt would have to be made to arrive at a reasonable compromise. Therefore, in June and August 1943, the Army and Navy issued instructions to their overseas commanders requiring that reciprocal aid be reported in the following manner:

1. Values would be requested from responsible foreign government representatives, the values so received representing unilateral estimates by the foreign government to which the United States Government does not necessarily agree;

2. Any values received from foreign government representatives would not be disputed, but would be reviewed by United States military and naval personnel; and if they were not in agreement with the valuations furnished by foreign governments, they were to submit their own estimate of value for the information of the United States Government; and

3. In the absence of any values furnished by foreign governments, United States military and naval personnel were to arrive at their own estimate of value based upon local cost, market value, or any other reasonable basis.

Simultaneously, negotiations were entered into with the British Government with a view to inducing it to alter its policy on the reporting of reverse lend-lease aid which it has supplied. As a result of these nego-

tiations, the British issued on November 11, 1943, a white paper indicating an estimate (stated to be incomplete) of their out-of-pocket expenditures up to June 30, 1943, in furnishing reciprocal aid to the United States forces. The British Government agreed further that it would thereafter provide quarterly statements of its expenditures for reciprocal aid rendered to United States forces in the United Kingdom. These statements were to reflect approximately 50 major categories and more than 300 subcategories of goods and services. This statement was not to be based in each case on individual prices, which it was stated were not available, but was to be prepared from the figures currently available under the British accounting system and was to represent the best estimates possible by the British Government of the reciprocal aid extended by them to United States forces.

It has been agreed that the reports described will be accepted as unilateral estimates of the British Government, and that the American Government will not be deemed either to agree to them or to be committed by them. While it has been agreed that itemized pricing of individual items may represent an unwarranted expenditure of manpower at this time, the United States Government has reserved the right to request that the British Government supply itemized prices at a later date when the required expenditure of manpower would not interfere with the war effort.

Except for shipping services, the British Government's statements apply only to supplies furnished and services rendered within the United Kingdom. In addition, the United Kingdom is extending aid to American forces from its colonies in various parts of the world. Full and complete records of the value of the aid transferred in these areas may never be available, particularly for transfers which have occurred during combat. Insofar as the records are available, reports containing monetary expenditures are now being prepared by the British Government. In the meantime, reports are being made by United States forces in those areas.

The Governments of Australia and New Zealand are also periodically making available statements of the cost to them of providing reverse land-lease assistance. The problems of reporting encountered in these areas are not so great as in the United Kingdom. For example, in New Zealand all United States supply functions have been centralized in a Joint Purchasing Board on which the Army, Navy, and Marine Corps are represented. When goods or services are obtained, the armed forces certify their receipt and pass the vouchers back to the appropriate New Zealand Government department for payment, and such records then provide a statement of expenditures made. In the case of works projects constructed for us by the New Zealand Government, however, there are the difficulties encountered in assessing post-war values and in allocating expenditures for works jointly constructed by American and foreign forces.

In all other areas records of reverse lend-lease received are obtained from the armed forces. Until July 1943, these reports usually were confined to physical descriptions in quantities of goods and services received, to provide a basis for subsequent valuation if such should be necessary. Since July 1943, however, our forces have been endeavoring to obtain estimates of expenditures for all aid received. While these estimates will be of considerable assistance in the future determination of lend-lease benefits, they do not represent a statement by the foreign government of its costs, and provide only a unilateral estimate by United States military or naval personnel operating under difficult conditions.

The need for uniformity in the reporting and valuation of reciprocal aid has been recognized by the armed forces. Because of the complexities of the problem, particularly in combat areas, it has not yet been possible to arrive at a system which is entirely uniform or acceptable. Efforts are constantly being made, however, to improve both the system used and the reports submitted.

A comment by the Navy Department on reciprocal aid would be of interest to the committee:

"The Navy Department reports to the F. E. A. (formerly the Lend-Lease Administration) monthly all reverse lend-lease or reciprocal aid which has been reported. Reports of such reciprocal aid to the Navy Department are admittedly deficient for various reasons. Vigorous steps have been and are being taken to correct this deficiency and these steps are showing results. Some of the reasons why such reports have not been adequate are as follows: Much of the reciprocal aid has been received on the active fighting fronts where the commanding officers have neither the time nor the facilities to maintain the necessary records and to render the corresponding reports. Reciprocal aid has never been distinctly defined and conceptions of what constitutes reciprocal aid and what constitutes joint military operations vary considerably. Some reciprocal aid is difficult if not impossible to evaluate in terms of dollars. The United Kingdom has been very reluctant to place a price on any reciprocal aid, although the aid has been offered freely. In cases where no value or cost is assigned by the foreign government, but quantities and the nature of services have been reported, it is impossible for the Navy Department to assign any significant valuation. Not only do questions of exchange arise, but it is impossible for our officers to estimate the real cost to the foreign government. Furthermore, even if the approximate cost to the foreign government were known, the question arises as to whether that is the real value, or whether it should be the corresponding value of a similar article or service in this country or if supplied from this country. Because of these difficulties the instructions have been changed several times.

"At present the instructions require our officers to demand a price figure from the foreign government and to submit that figure, together with his own comment, if any. If no price can be obtained from the foreign government, our officers are instructed to submit their own best estimate, together with information as to upon what the estimate was based and the rate of exchange used. Obviously none of these methods of evaluation is entirely satisfactory, but the method by which the foreign government states the cost to it of the aid rendered appears to be the most desirable and is comparable to our own method of evaluating direct lend-lease. Reports on this basis are now being regularly received from Australia and New Zealand and the British Admiralty is being urged to adopt a similar policy."

There is much to be done to develop adequate information on reverse lend-lease. The final story, however, will not be possible until after the cessation of hostilities.

#### BOARD OF ECONOMIC WARFARE

The Economic Defense Board was established by Executive Order 8839 under date of July 30, 1941, for the purpose of developing and coordinating policies, plans, and programs designed to protect and strengthen the international economic relations of the United States in the interest of national defense. The name was changed to the Board of Economic Warfare by Executive Order 8982, dated December 17, 1941. Executive Order 9361 of July 15, 1943, established within the Office for Emergency Management an Office of Economic Warfare, and the Director as-



sumed the functions, powers, and duties of the Board of Economic Warfare, which was terminated by the same order. By Executive Order 9360 of September 25, 1943, the Office of Economic Warfare was consolidated into the Foreign Economic Administration, established by the same order.

The Board of Economic Warfare as such made no purchases. However, upon directives from the War Production Board for the procurement of strategic materials it conducted preliminary negotiations and issued directives to subsidiary corporations of the Reconstruction Finance Corporation to execute contracts that would provide the necessary materials and supplies.

As a result of Executive Orders 9361 and 9365, all foreign procurement contracts then in existence were transferred to the Foreign Economic Administration and are being processed through the United States Commercial Company. Likewise, all new foreign procurement contracts are being negotiated in the name of that company.

The purchases are made through the subsidiary corporations of the Reconstruction Finance Corporation, and are incorporated in the figures reported for those organizations.

#### COORDINATOR OF INTER-AMERICAN AFFAIRS

The Office of the Coordinator of Inter-American Affairs was set up by order of the Council of National Defense on August 16, 1940, and by Executive Order 8840 of July 30, 1941, was established within the Office for Emergency Management, for the purpose, among others, of furthering the national defense and strengthening the bonds between the nations of the Western Hemisphere. Expenditures are made from direct appropriations and transfers or allocations from the Office for Emergency Management and the Emergency Fund for the President. No lend-lease funds are involved.

Expenditures made in Latin-American countries to December 31, 1943, amounted to \$24,038,243, as follows (see statement attached as exhibit V):

Loans.....	\$363,818
Grants.....	31,985
Health and sanitation.....	9,535,605
Food supply.....	2,407,797
Coordination committees.....	3,739,986
Transportation.....	1,500,536
Newsprint shipping subsidy.....	428,383
Emergency operations.....	1,379,162
Technical and other assistance (including administrative expenses).....	4,650,971
Total.....	24,038,243

A brief statement on each of the larger items follows:

**Loans:** There have been only two loan agreements, both of which involve financing of the purchase of equipment. The amounts of the agreements total \$649,187 and \$360,803, respectively. Advances have totaled \$102,522 and \$261,296, respectively. Repayments totaling \$18,959.02 have been made under the first agreement.

**Health and sanitation:** The objectives of these programs are (a) to improve health conditions in strategic areas particularly with relation to the requirements of our armed forces and those of our other American allies; (b) to make possible increased production of strategic materials in areas where bad health conditions exist; (c) to raise the general standard of public health practices; and (d) to demonstrate, by carrying out an action program beneficial to all classes of people, that this Government is vitally interested in the welfare of the peoples of the other American republics, thereby helping to obtain an effective realization of this Government's program of hemisphere solidarity. The programs include malaria control, environmental sanitation, improvement of

water supply, construction of sewage systems, construction and equipping of hospitals and health centers, control of plague, leprosy, and communicable diseases, medical care of migrants and workers engaged in the production of strategic materials, and the training of doctors, sanitary engineers, hospital administrators, nurses, and other national personnel.

**Food supply:** The objectives are (a) to stimulate the production of foodstuffs in areas where the demand for food has been increased because of large concentrations of troops and war vessels; (b) to provide sufficient quantities of foodstuffs for workers engaged in the procurement of strategic materials; and (c) to produce foodstuffs in areas which could no longer be supplied by shipments from other areas because of the absence of sufficient shipping. These programs involve technical assistance for the increase and improvement of production of foodstuffs and fiber products; procurement and distribution of supplies and equipment, such as hand tools, insecticides and fungicides, seed and plants; improvement of storage and processing facilities; development of irrigation; and training in practical agricultural methods.

**Coordination committees:** The expenditures under this head represent funds made available to committees located in the other American republics which have been organized by United States citizens of long residence in those countries. They work in close relationship with the Office of the Coordinator and the United States embassies and consulates in carrying out an information program the purpose of which is to spread a wider knowledge of this country in the other Americas. They arrange for the distribution of visual and press materials, for local radio programs, for the distribution of nontheatrical motion-picture films, and for small projects in the educational field.

**Transportation:** The expenditures reported under this category relate to the obligations assumed under notes exchanged on November 18, 1942, between the Government of the United States and the Government of Mexico, whereby it was agreed that both nations would collaborate in the rehabilitation of certain key lines of the Mexican National Railways. United States Government agencies had purchased in Mexico large quantities of strategic materials needed for direct war use. Conditions had so affected off-shore shipping that the Mexican National Railways were called upon to transport all of these vitally needed materials, as well as supplies and equipment shipped from the United States to war installations south of Mexico. The resulting traffic burden greatly exceeded peacetime traffic loads and many changes and improvements were essential to continued operation of the railways. Each government agreed to furnish a proportionate part of the material and equipment required, the Mexican Government and the Mexican National Railways agreed to direct their operating facilities toward the fullest realization of the rehabilitation program, while the United States Government further agreed to furnish necessary technical assistance (trained mechanical, track, and transportation technicians).

The United States Railway Mission in Mexico was created to implement this agreement. Although both governments agreed to contribute material and equipment, the major contribution by the United States has been in technical assistance. Continued contribution by the Mission will consist largely of technical advice and supervision of various educational programs designed to impart knowledge and understanding of modern practices in railroad operation and maintenance to the Mexican officials and employees.

**Newsprint shipping subsidy:** These expenditures apply to payments made to carriers for

the difference between the established rate for newsprint and the rate at which the carriers would agree to ship newsprint to the other American republics. The ocean freight rate was reduced in 1940 to \$9.84 per ton by the United States Government. With the outbreak of war and the consequent scarcity of shipping space, the available space was naturally utilized for commodities carrying higher rates. While the requirement for Central and South America is only about 2 percent of United States consumption, the situation, due to the lack of shipping, was relatively much more serious. It was to the interest of this country to help keep friendly newspapers in business. The most satisfactory method seemed to be the payment of a shipping subsidy to bring newsprint up on a level with other commodities. This method was chosen, rather than an increase in the shipping rate, because of the economic condition of the newspapers, which had already been severely hit by the drop in advertising revenue due to the war.

**Emergency operations:** Expenditures under this category relate to the following:

1. Payments under a contract with the Ecuadorian Development Corporation for the rehabilitation of the province of El Oro which was devastated during the Peruvian-Ecuadorian boundary dispute. The program was developed under the direction of the Department of State and the Office of the Coordinator with the approval of the Bureau of the Budget, and covers such work as construction, repair and extension of dispensaries and hospitals, renovation, and reclamation projects to facilitate shipping operations, and agricultural programs.

2. A program to alleviate a serious unemployment situation in Honduras created by the cessation of banana exports due to the lack of shipping during the latter part of 1942. The program, arranged by the Department of State and the Office of the Coordinator, in cooperation with the Honduran Government, upon the urgent request of the United States Embassy in Honduras, covered the repair and reconstruction of sections of the highway between Potrerillos and the Lake Yojea area. The objectives were to provide immediately useful employment for temporarily unemployed laborers, to contribute to the improvement of existing means of inter-ocean transportation, and to materially benefit agricultural and other activities in the interior of the country.

**Technical and other assistance** (including administrative expenses): These expenditures apply in general to personnel of the Office of the Coordinator and its corporations stationed outside of the United States who render technical assistance, advice, and aid as required under the cooperative agreements or notes between this Government and the local governments for health and sanitation, food supply, emergency operations, and transportation programs, regardless of whether or not such programs are carried out directly or through cooperative services established within the framework of the local governments.

In addition to the expenditures made in Latin America, additional expenditures have been made in the United States for similar purposes; a brief break-down thereof being as follows:

Grants:	
Trade and commercial.....	\$963,017
Educational, scientific, and cultural.....	929,225
United States activities.....	532,575
Research.....	145,455
Health and sanitation.....	6,840
Food supply.....	30,100
General miscellaneous.....	35,830
Total.....	2,643,042

Current expenses:	
Administrative expenses.....	\$7,290,474
Confidential.....	400,000
Trade and commercial.....	610,000
Motion pictures.....	3,595,000
Press.....	2,875,000
Radio.....	4,341,000
Educational, scientific, and cultural.....	301,000
United States activities.....	380,000
Research.....	155,000
Health and sanitation.....	110,000
General.....	75,000
Total.....	20,132,474
Transportation.....	300,000
Newsprint shipping subsidy.....	926,267
Grand total.....	24,001,783

#### RECONSTRUCTION FINANCE CORPORATION (AND SUBSIDIARY OR AFFILIATED ORGANIZATIONS)

The report of the Reconstruction Finance Corporation covers the activities of the Corporation itself and those of the following corporations: Metals Reserve Company, Defense Supplies Corporation, Defense Plant Corporation, Rubber Reserve Corporation, Rubber Development Corporation, United States Commercial Company.

For the last two corporations listed the reports were submitted by the Reconstruction Finance Corporation in its capacity as fiscal agent.

Total expenditures made by the listed corporations for the fiscal years 1941, 1942, 1943, and for 8 months of the fiscal year 1944, totaled \$2,795,324,542.13, as follows:

Loans <sup>1</sup> .....	\$406,518,105.59
Investments.....	4,099,362.35
Construction of facilities.....	44,662,669.71
Purchases.....	2,174,019,517.93
Current expenses.....	3,810,543.06
Other aid or expenditures <sup>2</sup> .....	162,214,343.49
Total.....	2,795,324,542.13

<sup>1</sup> Repayments on loans have been made in the amount of \$61,895,437.61, leaving the outstanding loan balance as \$344,622,667.98.

<sup>2</sup> Represents principally advance payments on contracts and will ultimately be transferred to one or more of the other categories listed above.

From a geographical standpoint, the expenditures were made as follows:

British Empire.....	\$1,054,355,021.38
Latin America.....	1,236,921,865.88
French.....	30,003,736.42
Netherlands.....	158,315,238.50
Portugal.....	21,593,521.45
Other countries.....	294,135,158.50
Total.....	2,795,324,542.13

(A chart showing a break-down of the above expenditures is attached as "Exhibit VI.")

#### EXPORT-IMPORT BANK OF WASHINGTON

The Export-Import Bank of Washington was created in 1934 for the purpose of aiding in the financing and facilitating of exports and imports and the exchange of commodities between the United States and other countries. It is authorized to have \$700,000,000 of loans outstanding at any one time. The Congress increased the limit from \$200,000,000 to the present \$700,000,000 in September of 1940 to enable the bank to make loans to assist in the development of the resources, the stabilization of the economies and the orderly marketing of the products of the countries of the Western Hemisphere. Although its operations in behalf of our foreign trade have been world-wide, circumstances have restricted them since the war almost entirely to the Western Hemisphere and particularly to the making of such loans as will develop resources vital to the war effort.

A summary of the operations of the bank since its creation on February 12, 1934, through March 31, 1944, is as follows:

Commitments.....	\$1,185,763,080.10
Commitments canceled or expired.....	330,879,004.09
Net commitments.....	854,884,076.01
Commitments not yet disbursed.....	407,253,763.80
Amount disbursed.....	447,630,312.21
Amount repaid.....	233,755,432.58
Amount of loans outstanding.....	213,874,879.63
On a geographical basis the outstanding loans are as follows:	
Latin America.....	\$105,433,890.26
North America.....	12,350,000.00
Africa.....	65,000.00
Asia.....	56,877,839.24
Europe.....	27,363,445.95
Other countries.....	11,784,704.18
Total.....	213,874,879.63

There is attached hereto, as exhibit VII, a statement showing the loans and commitments by countries, the details of which by individual loans are on file in the Appropriations Committee.

There is, of course, the possibility that some loans may not be collected in full. The history of the bank's operations, however, indicate that uncollectible items will be in an

almost negligible amount as compared with its operations, and that it will consistently show a profit. The bank has experienced only three defaults since the beginning of its operations in 1934, as follows:

One related to a balance of \$3,491.96 due from a Polish textile firm which had purchased raw cotton from a United States exporter. Against this account a reserve has been set up.

A second, which was in the amount of \$46,530.46, resulted from the impossibility of converting Spanish pesetas into dollars during and immediately following the civil war in Spain. That account was subsequently liquidated in full, both principal and interest.

The third account, in the amount of \$178,725.24, is overdue from a United States import firm now arranging a composition of creditors, but it is believed that collateral held by the bank is sufficient to effect eventually full repayment or, at least, a substantial liquidation.

Operations of the bank to March 31, 1944, have resulted in a profit of \$32,572,628.19 after the payment of all administrative expenses and the establishment of a reserve for contingencies. Out of such profit the bank has paid dividends on its preferred stock to June 30, 1943, in a total amount of \$13,075,178.04, leaving a net undivided profit in the bank of \$19,497,450.15.

#### WAR DEPARTMENT

Expenditures abroad as reported by the War Department as of October 31, 1943, total \$3,094,350,294, as follows:

Location	Construction of facilities	Purchases	Current expenses	Total
British Empire.....	\$593,783,267	\$695,618,989	\$609,013,694	\$1,898,415,950
Latin America.....	141,542,706	29,529,641	16,698,502	187,770,849
Netherlands.....	12,517,000	5,338,000	16,556,681	34,411,681
French.....	3,458,664			3,458,664
Other countries.....	143,804,831	1,605,339	824,883,180	1,700,293,350
Total.....	895,106,868	732,091,969	1,467,151,457	3,094,350,294

These figures represent the best available information and must be considered to be on the conservative side, as no attempt has been made by the War Department for the purpose of this first report to secure information from overseas theaters. The Department is frank in stating that, due to its far-flung activities and the need to eliminate reporting from overseas theater commanders as much as possible, there are gaps in the information on the records. Steps are constantly being taken, however, to improve the records and reports, and it is expected that as future reports are submitted additional information will be available. (A more detailed break-down of the above expenditures appears in the chart attached hereto, marked "Exhibit VIII.")

In addition to the expenditures reported above, there follows a statement of supplies distributed to civilians in liberated areas by the Allied Military Government. This statement is based on information available in this country and no break-down by recipient countries is available at this time. The statement is made as of December 22, 1943. The dollar values represent costs to the War Department delivered at a War Department depot, and do not include transportation to the port, loading costs, ocean shipping, and other handling charges. The report does not include aid furnished by theater commanders from United States Army stocks, as data on such aid are not available in the continental United States. No determination has been made of the extent to which the recipient countries will reimburse the United States for supplies of this type furnished to them.

#### Expenditures made for supplies and A. M. G. distribution to civilians in liberated areas, Dec. 22, 1943<sup>1</sup>

Item	Value of items contracted for	Values of deliveries made against contracts plus value of items taken from Army stocks to fill requisitions
Food.....	\$11,944,722	\$14,913,425
Hard fuels (coal) <sup>2</sup> .....	1,045,312	1,045,312
Medical supplies.....	11,251,636	7,304,334
Miscellaneous.....	679,140	519,656
Petroleum products.....	(5)	(5)
Sanitary supplies.....	6,572,085	2,007,766
Total.....	31,793,165	26,190,693

<sup>1</sup> Dollar value shown reflects only those expenditures made for the specific purpose of civilian supplies. It is known, however, that certain materials have been transferred from Army stocks in the theater and used for civilian purposes. Although the theater commander has been instructed to report transfers of this nature, specific information is not available at this time.

<sup>2</sup> This coal was procured to supply Italy, Sardinia, and Sicily. However, the United Kingdom has been supplying the coal, and the coal procured in this country (except for about 20,000 tons withdrawn to meet an emergency caused by the strike and not yet replaced) has been held in reserve for emergencies. It should be noted further that the coal now being supplied to Italy, Sicily, and Sardinia is used to supply both military and civilian needs. It is almost impossible to distinguish between these needs.

<sup>3</sup> Petroleum for civilian use is issued from military stocks in the theater, and no information is available at this time as to how much petroleum has been used for civilian purposes. However, originally, \$11,454,309 worth of petroleum products were estimated as a requirement for Italy, Sardinia, Sicily, and north Africa to last for a period of 12 months.



## NAVY DEPARTMENT

Expenditures abroad as reported by the Navy Department as of October 31, 1943, total \$535,570,999, as follows:

Location	Construction of facilities	Current expenses	Total
British Empire.....	\$253,209,600	\$84,615,120	\$337,924,720
Latin America.....	20,486,874	42,274,626	62,761,500
Netherlands.....	2,425,200	135,560	2,560,760
French.....	13,368,450	1,156,144	14,524,594
Other countries.....	2,518,640	8,361,109	10,879,749
Southwest Pacific.....	136,885,000	34,576	136,919,576
Total.....	428,993,864	136,577,135	565,570,999

(A more detailed break-down of these expenditures appears in the chart attached hereto, marked "Exhibit IX.")

These figures are very conservative, as will be seen from the following comments of the Navy Department:

## "CONSTRUCTION OF FACILITIES"

"(a) While some of the items of construction may be regarded as more or less permanent, that is so only where it was essential in order to fulfill its war purpose. The policy of making all facilities of the most temporary nature possible has been rigidly followed.

"(b) The attached list describes locations in only general terms and is not specific as to actual installations. This is primarily for reasons of military security, but also because of the shifting nature of the picture. For example, much of the base material shipped to Australia never arrived, due to loss en route or diversion. On the other hand, much of it was never intended to stay in Australia, but was sent there only en route elsewhere. No rigid conclusions should therefore be drawn concerning expenditures shown against any individual nation, as they may not be at all significant.

"(c) These figures are only approximate, as in many cases the actual expenditures are not definitely known. Not included and not obtainable are the amounts expended in theaters of war for local labor or local purchases of material unless expended by a disbursing officer stationed on shore (i. e., not in a ship or Marine Corps organization unit). The value of labor and subsistence of the naval construction battalions is also not included.

## "PURCHASES AND CURRENT EXPENSES"

"(a) It is impossible to include expenditures by disbursing officers on board ship by country without examining every voucher. The vouchers run into the millions. The accounts are kept by ship; not by where the ship may have been. The same is true of the Coast Guard. It is also true of the Marine Corps, whose accounts are kept by organization, without reference to where the organization may be. The net effect of omitting these figures, while problematical, is probably small. Ships and organizations do spend some of their pay abroad; they do buy some supplies abroad; they do hire some civilians abroad. However, a large part of the military pay is sent home or spent on board or in canteens, etc., and most of the supplies are shipped out from the United States or furnished locally under reciprocal aid.

"(b) Navy disbursing officers are required to report quarterly and are allowed 20 days after the close of the quarter to prepare and mail their returns. Under these conditions, with disbursing officers all over the world, and with communications hampered by a global war, the record is never reasonably complete under 6 months and may be not wholly complete after 1 year. For that reason, in the following table, all figures for the fiscal year 1944 are estimates only, and those for the fiscal year 1943 may be amended. Scattered reports, for different quarters, are arriving

constantly at the Navy Department, and a monthly compilation would show some change in the figures each month. It is clear, however, that substantial changes will be indicated only quarterly or less frequently."

## SUMMARY

There is submitted as exhibit X a consolidated summary of lend-lease aid from March 11, 1941, through March 31, 1944, and Government expenditures abroad for the fiscal years 1941, 1942, 1943, and for that portion of the fiscal year 1944 for which the different agencies had figures available, ranging from 4 to 8 months. It shows a total figure of \$30,362,687,362, distributed as follows:

Lend-lease aid.....	\$21,794,237,819
Loans.....	854,423,225
Grants.....	31,985
Investments.....	4,099,362
Construction of facilities.....	1,465,842,209
Purchases.....	4,172,856,691
Current expenses.....	1,638,872,748
Other aid.....	432,323,923

Total..... 30,362,687,362

## Geographically, the distribution is:

British Empire.....	\$19,700,297,674
Russia.....	4,214,921,449
Latin America.....	2,327,378,789
China.....	920,349,451
Other countries and general.....	3,199,739,999

Total..... 30,362,687,362

## RECOMMENDATIONS

The statement, particularly as regards expenditures abroad, is not complete, and the amounts are no doubt understated, but it is the best that could be prepared from available information. It demonstrates the need for a central agency to coordinate all efforts to secure definite and reliable information of this nature for the Congress, and shows that to secure such information will require considerable time and labor.

The President has answered the question of the central agency by directing, in accordance with the recommendation of the interdepartmental committee, that a clearinghouse be established in the Foreign Economic Administration. Not only is this action endorsed, but it is strongly recommended that it begin to function without delay, so that at the earliest possible date complete and detailed reports may be made to the Appropriations Committee and to the Senate on a quarterly basis.

It is further recommended that the Appropriations Committee agree to the request of the Administrator of the Foreign Economic Administration that a representative of the investigative staff of the Appropriations Committee serve on the advisory interdepartmental committee which will assist the director of the clearinghouse. In this way, not only will the desires of the Appropriations Committee be kept currently before the advisory committee and the director of the clearinghouse, but also the committee will be kept currently informed as to the progress being made by the clearinghouse.

Finally, the reports submitted fully justify the findings of the interdepartmental committee, and their recommendations are specifically endorsed and passed on for the earnest consideration of the advisory interdepartmental committee to assist the director of the clearinghouse. These recommendations are:

## "LEND-LEASE AND REVERSE LEND-LEASE"

"1. That the agencies devise means of reducing to a minimum the time lag which now exists between the actual transfer of goods and services and the recording and reporting of such transactions.

"2. That in the future all transfers be recorded not only to the account of the government which originally received for the materials or services; but, also, so far as possible to the account of the government which is the ultimate recipient; and that the lend-lease governments be requested to render a cumulative statement of all retransfers made to date with provision for periodic statements in the future.

"3. That the Foreign Economic Administration, with the advice and approval of the agencies concerned, develop greater uniformity in the statistical reporting of all lend-lease transactions, involving

"(a) a standardized classification system for use in the operating agencies to account for all commodities and all types of transactions; and

"(b) a revision in the procedures for reporting statistics to bring about a uniform presentation of all data in terms of dollars as well as units.

"4. That, in recording lend-lease transactions, procuring agencies should take the following steps under general principles approved by the Foreign Economic Administration:

"(a) The establishment wherever possible of standard prices for articles to be transferred; and

"(b) for items of a nature not susceptible of standard pricing, establishment of a standard formula to arrive at prices which will include all elements of cost.

"5. That no attempt be made at this time to reprice past transactions, as the effort involved would not justify the results to be obtained.

"6. That the present system of reporting losses be extended to include items under United States accountability, intended for transfer on arrival overseas, which are lost at sea; and that efforts be made to improve reports of losses incurred in transit within the United States.

"7. That the present inventory reports submitted by procuring agencies to the Foreign Economic Administration be put on a uniform basis; that the inventory records be extended, either by the procuring agencies or War Shipping Administration, to give complete reports of inventory in transit, in terms of dollars as well as weights; and that uniform inventories of lend-lease goods held by United States agencies overseas be required on a periodic basis.

"8. That so far as possible uniform reporting principles be developed by United States agencies in the major areas in which reverse lend-lease is received, in order that reports when submitted may be more comparable and consistent, and uniformity of reporting forms and classification and valuation principles may be achieved.

"9. That the Foreign Economic Administration, with advice and approval of the agencies concerned, devise a standardized formula for use by the operating agencies in assessing and recording repossession charges; and that repossession accounts be revised to include all expenses incurred by the United States in cases where the foreign government is responsible for cancellation of contract.

"10. That the present system of recording, reporting, and billing reimbursable lend-lease transactions be revised by the Foreign Economic Administration to provide for a uniform method of recording and reporting and uniform principles for billing foreign governments; and that for billing purposes, procuring agencies whose records are now unsatisfactory be required to submit revised cumulative statements of reimbursable lend-lease transactions.

"11. That provision be made to obtain from foreign governments current records showing location and use of certain durable goods received from the United States, and that on cessation of hostilities an inventory record

be rendered of all consumable and semiconsumable items on hand received from the United States. (See also recommendation 17.)

"12. That no attempt be made to evaluate defense information transmitted to or by foreign governments, but that a strict accounting be maintained of information involving patent rights.

**"MILITARY BASES AND MILITARY INSTALLATIONS ABROAD**

"13. Although the present records do not give complete data concerning expenditures made for the construction or equipment of bases, the committee recommended—

"That no major changes pertaining to financial recording and reporting of installations abroad be required of the War and Navy Departments during the war because a revision that would yield the information desired would require too great an additional accounting burden for military personnel, both in the field and in Washington.

"14. That the War and Navy Departments establish statistical and appraisal inventories of installations abroad similar to those already initiated by the Foreign Projects Unit of the Army Air Forces.

**"INVESTMENT IN PRODUCTIVE FACILITIES RELATED TO THE PROCUREMENT OF FOOD AND MATERIALS ABROAD**

"15. That where master accounts are maintained in Washington with the supporting detail in field offices, regular periodic accountings and reconciliations from the field be required.

**"INVESTMENT IN OTHER INSTALLATIONS OR PRODUCTIVE FACILITIES ABROAD**

"16. That there be established a list of items to be regarded as durable goods.

"17. That an inventory of certain durable goods transferred to foreign countries be compiled from the records now available in all agencies. (For transfer of items under lend-lease arrangements, see recommendation 11.)

**"PROCUREMENT OF FOOD AND MATERIALS ABROAD**

"18. That the procuring agencies be required to install and maintain records which will make readily available commodity purchase data in commodity units and dollar value by time period, by commodity, and by country of commodity origin.

**"LOANS AND FINANCIAL AID TO FOREIGN GOVERNMENTS AND PRIVATE ENTITIES IN FOREIGN COUNTRIES**

"The committee found the present records on loans to foreign governments and private entities, and the statements of financial aid rendered to foreign governments, to be adequate and no changes were recommended.

"It was the consensus of the committee that economic information concerning governmental cash expenditures abroad was of sufficient current and future importance to require the preparation of separate periodic reports. The committee therefore recommended:

"19. That arrangements be made to have each department, establishment, or agency of the Federal Government, including Government corporations, which makes cash expenditures abroad prepare quarterly reports of all such expenditures for submittal to a central agency.

"20. That the proposed reports segregate expenditures under predetermined classifications for each country by character and purpose, and by a limited object classification." Respectfully submitted.

JOHN F. FEENEY,  
HAROLD E. MERRICK,  
THOMAS J. SCOTT,  
EARL W. COOPER,  
*Investigative Staff.*

Mr. CONNALLY. Mr. President, I wish to thank the Senator from Ten-

nessee for his discussion of this matter. It seems to me that in view of his statement, which will be published in the Record tonight, and in view of the fact that we shall have a session of the Senate tomorrow, it is desirable now to recess until tomorrow in order that Senators may have ample opportunity in the meantime to study the report. I do not apprehend any long involved debate on the question.

Mr. WHITE. Mr. President, before the Senator from Texas moves a recess, was it the Senator's intention to move that the Senate proceed to the consideration of executive business?

Mr. CONNALLY. If there is an executive calendar, I think it should be disposed of.

**AUSTIN L. TIERNEY**

The PRESIDING OFFICER (Mr. McFarland in the chair) laid before the Senate a message from the House of Representatives returning to the Senate in compliance with its request, the bill (S. 176) for the relief of Austin L. Tierney, together with the accompanying papers; and also the amendment of the House of Representatives to Senate bill 176, which was, to strike out all after the enacting clause and insert:

That Private Law No. 99, Seventy-fourth Congress, be, and the same is, amended to read as follows:

"That in the administration of any laws conferring rights, privileges, and benefits upon honorably discharged soldiers, Austin L. Tierney, who served as a fireman third class, United States Navy, shall be held and considered to have been honorably discharged from the naval service of the United States as a fireman third class, on April 25, 1918: *Provided*, That no compensation, pension, or other benefits except mileage at the time of discharge, 4 months' active service pay lost after absence from duty, and adjusted compensation benefits shall be held to accrue to Austin L. Tierney by reason of this act for any period prior to its passage."

Mr. WALSH of Massachusetts. Mr. President, this bill was returned from the other House upon request by the Senate after the Senate had appointed conferees to meet with conferees to be appointed by the House to consider the amendment which the House had adopted to the bill.

I have heretofore given notice that I would move a reconsideration of the former action of the Senate. I now move that the Senate reconsider the vote by which it disagreed to the House amendment and asked a conference with the House thereon.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Massachusetts [Mr. WALSH].

The motion was agreed to.

Mr. WALSH of Massachusetts. I now move that the Senate concur in the House amendment.

The motion was agreed to.

**EXECUTIVE SESSION**

Mr. CONNALLY. I move that the Senate proceed to the consideration of executive business.

The motion was agreed to; and the Senate proceeded to the consideration of executive business.

**EXECUTIVE MESSAGE REFERRED**

The PRESIDING OFFICER (Mr. McFarland in the chair) laid before the Senate a message from the President of the United States submitting sundry nominations in the Coast Guard, which was referred to the Committee on Commerce.

(For nominations this day received, see the end of Senate proceedings.)

**EXECUTIVE REPORTS OF A COMMITTEE**

Mr. McKELLAR, from the Committee on Post Offices and Post Roads, reported favorably the nominations of sundry postmasters.

The PRESIDING OFFICER. If there be no further reports of committees, the clerk will state the nominations on the calendar.

**POSTMASTERS**

The Chief Clerk proceeded to read sundry nominations of postmasters.

Mr. CONNALLY. I ask that the nominations of postmasters be confirmed en bloc, and that the President be immediately notified.

The PRESIDING OFFICER. Without objection, the postmaster nominations are confirmed en bloc; and, without objection, the President will be notified forthwith. That completes the calendar.

**RECESS**

Mr. CONNALLY. As in legislative session, I move that the Senate take a recess until 12 o'clock noon tomorrow.

The motion was agreed to; and (at 2 o'clock p. m.) the Senate took a recess until tomorrow, Friday, May 5, 1944, at 12 o'clock meridian.

**NOMINATIONS**

Executive nominations received by the Senate May 4 (legislative day of April 12), 1944:

**IN THE COAST GUARD**

The following-named cadets to be ensigns in the Coast Guard, to rank from the 7th day of June 1944:

Homer George Anderson  
Richard Paul Arlander  
John Moore Austin  
Richard Lawrence Bailey, Jr.  
Frank Barnett, Jr.  
Carl Blanchett  
Robert Coward Boardman  
William Henry Boswell  
Peter Seelye Branson  
Alfred William Brass  
William Henry Brinkmeyer  
Bernard Stanley Brown  
James Wood Carroll  
Parker Olin Chapman  
Garth Dalmayne Clizbe  
Clyde Clavius Coffindaffer  
Henry Paine Crawford, Jr.  
Donald Brian Crews  
Charles Mitchell Daniel  
Harold Leroy Davison  
John MacNeil Dempsey, Jr.  
John Augustine Devlin, Jr.  
Harley Earl Dilcher  
Sumner Raymond Dolber  
Robert John Donovan  
John Michael Dorsey  
James Harold Durfee  
Clarence Raymond Easter  
Albert Bradbury Ellerman  
Joseph Knowles Everton  
John Joseph Fehrenbacher  
Arthur Andre Fontaine  
Louis Randolph Ford, Jr.  
John Brawley Freeman



William Elliott Fuller, Jr.  
 Carroll Hitchcock George  
 Harold Kirksey Goodbread  
 Richard William Goode  
 Herbert Richard Harris  
 James Leonard Harrison  
 Gordon Fairland Hempton  
 Robert Fisher Henderson  
 Frederick William Hermes, Jr.  
 James Arthur Hodgman  
 Julian Elliott Johansen  
 Robert Durrell Johnson  
 Harry New Jones II.  
 Kenneth Howard Langenbeck  
 John Burtan Lape, Jr.  
 Elmer Maurice Lipsey  
 Richard Suppes Lodge  
 Paul Alan Lutz  
 Worley Berry Lynn  
 James Thomas Maher  
 William Lothridge Martin  
 Andrew Mazzotta  
 John David McCann  
 Albert Joseph McCullough  
 Milton Lee McGregor  
 Edward Duncan Middleton, Jr.  
 Joseph Anthony Montagna  
 James Edward Murphy  
 William Emmet Murphy  
 Earl Asa Parker, Jr.  
 Raymond Grant Parks, Jr.  
 Paul Reed Peak, Jr.  
 Paul Powers Perez  
 Lilbourn Amos Pharris, Jr.  
 Robert Carlton Phillips  
 Vance King Randle, Jr.  
 Theodore Charles Rapalus  
 David Harold Rasmussen  
 Ricardo Allen Ratti  
 Don Richard Rodgers  
 Donald Henry Rollert  
 Paul Thomas Ryan  
 Marion Gardiner Shrode, Jr.  
 Harrison Ballard Smith.  
 Neilus Andrew Spears, Jr.  
 Raymond Benner Starbuck  
 Jeremiah Milton Stark  
 Richard Stoner Strickler  
 George Francis Thometz, Jr.  
 Wesley Matthew Thorsson  
 John Bollyard Wade  
 George Warren Wagner  
 William Hamilton Wallace  
 George Alfred Warren  
 David Anderson Webb  
 William Leroy Weiss, Jr.  
 George Herbert Weller  
 George Earnest Williams  
 Ellsworth Albin Winnette  
 Andrew Wakefield Wofford  
 Virgil Nourse Woolfolk, Jr.

#### CONFIRMATIONS

Executive nominations confirmed by the Senate May 4 (legislative day of April 12), 1944:

#### POSTMASTERS' TENNESSEE

Ethel R. Corum, Jonesboro.  
 Raymond C. Townsend, Parsons.  
 Charles H. Carr, Pocahontas.  
 Violet T. Duncan, Tyner.

## HOUSE OF REPRESENTATIVES

THURSDAY, MAY 4, 1944

The House met at 12 o'clock noon.  
 The Chaplain, Rev. James Shera Montgomery, D. D., offered the following prayer:

Almighty God, as our land is but-tressed by the holy dead and the noble living, forbid that we should think in terms of fear or failure. Continue to

strengthen our faith in that day when the towers and bulwarks of freedom shall flare their banners over the ruins of a vanishing night. We pray that America may get right with God if she is to deserve and abide in the deathless joys of peace and good will.

Let our people understand that the saddest heart is that which serves its country without the recompense of gratitude. Scarred with many a battle, weired with many a hardship, lamed with many a march, deliver us from leaden messages which are empty of meaning to our brave soldiers who have fought and won a good fight. As we think of those who have given and lost so much in the tragedy of war, O hush all our complainings and give us a richer and fuller life dedicated to the mission of the Man of Galilee. O God, hold us from all disorders and violations among ourselves and from factions which threaten well-ordered society, that our national life may be a benediction and a haven for those who have served and saved us. In our dear Redeemer's name. Amen.

The Journal of the proceedings of yesterday was read and approved.

#### MESSAGE FROM THE SENATE

A message from the Senate, by Mr. Frazier, its legislative clerk, announced that the Senate agrees to the amendments of the House to a bill of the Senate of the following title:

S. 156. An act relating to the status of retired judges.

#### EXTENSION OF REMARKS

Mr. FAY. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and include therein an outline of the policies and objectives of the disabled American veterans; and also I ask unanimous consent to extend my own remarks on the subject of Polish freedom.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

Mr. BYRNE. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and include therein a memorandum on Polish freedom.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

#### PERMISSION TO ADDRESS THE HOUSE

Mr. DICKSTEIN. Mr. Speaker, I ask unanimous consent to address the House for one-half minute.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

[Mr. DICKSTEIN addressed the House. His remarks appear in the Appendix.]

#### EXTENSION OF REMARKS

Mr. KLEIN. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and include therein a report on Jewish agriculture.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

#### JEWISH MEMBERS OF THE AMERICAN ARMED FORCES

Mr. KLEIN. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

Mr. KLEIN. Mr. Speaker, I have been giving a great deal of thought, as I am sure many of us must have, to the possible mistreatment of American soldiers who are prisoners of the Nazis in Germany. Knowing the racial theories of the Nazis, and the treatment accorded to civilians because they were not members of the "master race," I have wondered what treatment our Jewish soldiers were receiving. I accordingly asked the Secretary of State for information on this subject. Let me read just one paragraph of the letter I received from Secretary of State Hull:

The Department is exercising special vigilance to prevent discrimination by the German authorities against American prisoners of war upon a racial or religious basis and it has not so far obtained evidence establishing that such discrimination exists.

I am happy to receive this assurance, and trust that our State Department will remain eternally vigilant in its desire to guard against mistreatment of our boys in uniform because they are of different religious, or have different racial, backgrounds.

The SPEAKER. The time of the gentleman from New York has expired.

Mr. KLEIN. Mr. Speaker, I ask unanimous consent to revise and extend my own remarks and include in the Appendix of the RECORD the correspondence which I have had with Secretary Hull on this question.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

#### LEAVE OF ABSENCE

Mr. FORAND. Mr. Speaker, my colleague the gentleman from Rhode Island [Mr. FOGARTY] has just been called home because his father has taken a turn for the worse. His father has been ill for some time. Because of this, I ask, in his behalf, that he may be granted an indefinite leave of absence.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

#### EXTENSION OF REMARKS

Mr. LANE. Mr. Speaker, I ask unanimous consent to extend my own remarks in the Appendix of the RECORD and include therein an editorial which appeared in the Lynn Daily Item of May 2.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

Mr. PRIEST. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and include an editorial on the subject of international air transportation taken from the Wall Street Journal.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

#### A MONUMENT TO THE MOTHERS OF AMERICA

Mr. COX. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

[Mr. Cox addressed the House. His remarks appear in the Appendix.]

#### FIGHT PAY FOR FIGHTING MEN

Mr. WEISS. Mr. Speaker, I ask unanimous consent to address the House for 1 minute, to revise and extend my own remarks, and that they may appear in the Appendix of the RECORD.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

[Mr. Weiss addressed the House. His remarks appear in the Appendix.]

#### EXTENSION OF REMARKS

Mr. MRUK. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and to include therein a resolution adopted by an assembly of Americans of Polish extraction gathered in Buffalo, N. Y., April 30, 1944, in celebration of the one hundred and fifty-third anniversary of the Polish Constitution of May 3, 1791.

The SPEAKER. Is there objection to the request of the gentleman from New York [Mr. MRUK]?

There was no objection.

#### LEAVE OF ABSENCE

Mr. BRADLEY of Michigan. Mr. Speaker, I have the honor of being a member of the Board of Visitors of the United States Coast Guard Academy which meets in New London, Conn., on Saturday of this week; therefore, I ask unanimous consent that I may have a leave of absence for tomorrow and Saturday.

The SPEAKER. The Chair may say that the gentleman from Virginia [Mr. BLAND] has obtained leave of absence for all members of that Board.

Mr. BRADLEY of Michigan. Mr. Speaker, I did not know that. Then I ask unanimous consent to proceed for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from Michigan [Mr. BRADLEY]?

Mr. McCORMACK. Mr. Speaker, reserving the right to object, may I say that the chairman of the gentleman's committee contacted me 2 weeks ago in reference to that matter and I may say for the RECORD that any Member who is away on that visit is absent on official business. The chairman of the committee, the gentleman from Virginia [Mr. BLAND], advised myself as majority leader several weeks ago of the contemplated visit.

Mr. BRADLEY of Michigan. I thank the gentleman.

The SPEAKER. Is there objection to the request of the gentleman from Michigan [Mr. BRADLEY]?

There was no objection.

#### MY VOTE ON THE TAX BILL AND RESOLUTION TO INVESTIGATE THE MONTGOMERY WARD SEIZURE

Mr. BRADLEY of Michigan. Mr. Speaker, pursuant to permission previ-

ously granted the chairman of the Merchant Marine and Fisheries Committee, being honored by being a member of the Board of Visitors to the United States Coast Guard Academy, I shall be absent tomorrow and Saturday, but I want the RECORD to show that if I were present tomorrow and if a vote on the pending simplified tax bill is taken I would certainly vote for that measure. A simplification of our tax measures is long overdue. I say also that if the Montgomery Ward matter comes before the House tomorrow and if I were present I would vote in favor of that very much-needed inquiry. I have no doubt both measures will pass overwhelmingly—were there the slightest doubt in my mind to the contrary I would perforce remain on the floor to cast my affirmative votes.

#### EXTENSION OF REMARKS

Mr. MASON. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and to include therein a statement by Mark Sullivan on executive authority.

The SPEAKER. Is there objection to the request of the gentleman from Illinois [Mr. MASON]?

There was no objection.

#### PERMISSION TO ADDRESS THE HOUSE

Mr. KNUTSON. Mr. Speaker, I ask unanimous consent to proceed for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from Minnesota [Mr. KNUTSON]?

There was no objection.

[Mr. KNUTSON addressed the House. His remarks appear in the Appendix.]

#### EXTENSION OF REMARKS

Mr. COOPER. Mr. Speaker, I ask unanimous consent to revise and extend the remarks I expect to make on the bill H. R. 4646, and to include therein any excerpts I may desire.

The SPEAKER. Is there objection to the request of the gentleman from Tennessee [Mr. COOPER]?

There was no objection.

#### PERMISSION TO ADDRESS THE HOUSE

Mr. AUGUST H. ANDRESEN. Mr. Speaker, I ask unanimous consent that on tomorrow, Friday, after disposition of matters on the Speaker's desk and following any special orders heretofore entered I may address the House for 20 minutes on the subject of the new rationing policy.

The SPEAKER. Is there objection to the request of the gentleman from Minnesota [Mr. AUGUST H. ANDRESEN]?

There was no objection.

#### EXTENSION OF REMARKS

Mr. McLEAN. Mr. Speaker, I ask unanimous consent to revise and extend the remarks I expect to make today on the bill, H. R. 4646, and to include therein certain excerpts.

The SPEAKER. Is there objection to the request of the gentleman from New Jersey [Mr. McLEAN]?

There was no objection.

#### GOVERNMENT SEIZURE OF MONTGOMERY WARD PLANT

Mr. JENNINGS. Mr. Speaker, I ask unanimous consent to proceed for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from Tennessee [Mr. JENNINGS]?

There was no objection.

Mr. JENNINGS. Mr. Speaker, relative to the resolution introduced by the gentleman from Illinois [Mr. DEWEY], I wish to go on record as favoring that resolution. The same law that affords protection against unlawful seizure of the property of Montgomery Ward & Co. by the use of the armed forces of the country also protects the home of the humblest citizen in this land against unlawful search and seizure. The Bill of Rights covers the citizen all over with the armor of the law.

Mr. RANKIN. Will the gentleman yield?

Mr. JENNINGS. I yield to the gentleman from Mississippi.

Mr. RANKIN. I agree with the gentleman from Tennessee that an investigation should be made, but since a Senate committee is now investigating this matter, would it be wise, in the gentleman's opinion, to have two investigations?

Mr. JENNINGS. I think so.

Mr. RANKIN. Or should the Senate committee do it?

Mr. JENNINGS. I think the Members of this House as the Representatives of the people and as the closest to the people should conduct an investigation, because if we are going to breach the constitutional protections of the liberties and rights of the people in one respect it can be done in all respects. You cannot go half way over Niagara. The Constitution was written and adopted in a period of danger and to meet all emergencies both of peace and war. It was made for officers and people alike. There must be no suspension of it, no nullification by anyone, high or low, and especially none by those who have been chosen and sworn to uphold, protect, and defend it.

The SPEAKER. The time of the gentleman has expired.

#### EXTENSION OF REMARKS

(Mr. BLACKNEY asked and was given permission to extend his own remarks in the RECORD.)

#### PERMISSION TO ADDRESS THE HOUSE

Mr. JONKMAN. Mr. Speaker, I ask unanimous consent that today, after disposition of the regular business on the Speaker's desk and at the conclusion of any special orders heretofore entered, I may address the House for 10 minutes.

The SPEAKER. Is there objection to the request of the gentleman from Michigan [Mr. JONKMAN]?

There was no objection.

#### EXTENSION OF REMARKS

(Mr. LAMBERTSON asked and was given permission to extend his own remarks in the Appendix of the RECORD.)

Mr. CARLSON of Kansas. Mr. Speaker, I ask unanimous consent to revise and extend the remarks I expect to make



today on the tax bill, H. R. 4646, and to include therein certain excerpts.

The SPEAKER. Is there objection to the request of the gentleman from Kansas [Mr. CARLSON]?

There was no objection.

Mr. ROWE. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and to include therein an article from the New York Post of Monday, April 17, 1944.

The SPEAKER. Is there objection to the request of the gentleman from Michigan [Mr. ROWE]?

There was no objection.

#### FOOD RATIONING

Mr. ROWE. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from Michigan [Mr. ROWE]?

There was no objection.

Mr. ROWE. Mr. Speaker, I note by the Washington papers that the rationing of food is probably at an end in this country. It is indeed a good thing that elections come around once in a while because at that time the feelings of the people at large are usually very keenly felt. I predict that inasmuch as the majority vote to be cast in the coming election will be cast by women, they will be privileged again to buy nylon hose within the next 2 or 3 months.

#### EXTENSION OF REMARKS

Mr. HEFFERNAN. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD on the one hundred and fifty-third anniversary of the enactment of the Polish Constitution.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. KEFAUVER. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and include therein brief statements by my colleagues [Mr. DIRKSEN and Mr. MONRONEY], and myself.

The SPEAKER. Is there objection to the request of the gentleman from Tennessee?

There was no objection.

Mr. WICKERSHAM. Mr. Speaker, I ask unanimous consent to revise and extend my remarks in the RECORD in two instances, and in one to include a brief newspaper article.

The SPEAKER. Is there objection to the request of the gentleman from Oklahoma?

There was no objection.

#### TAX SIMPLIFICATION BILL

Mr. McMURRAY. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from Wisconsin?

There was no objection.

Mr. McMURRAY. Mr. Speaker, since I unfortunately have to go back to Wisconsin I will not be present when the tax-simplification bill comes to a vote. I want, however, Mr. Speaker, to make a record here that I am in favor of this bill, this being, in my humble opinion, the

only good tax bill that the Seventy-eighth Congress has dealt with. I want, for the first time, to record myself as being in favor of it.

Mr. PHILBIN. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks in the RECORD.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

[Mr. PHILBIN addressed the House. His remarks appear in the Appendix.]

#### C. I. O. POLITICAL ACTION COMMITTEE

Mr. HOFFMAN. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from Michigan?

There was no objection.

Mr. HOFFMAN. Mr. Speaker, General Biddle, under the orders of the Commander in Chief, who is also a candidate for a fourth term, used a part of the Army to seize the civilian business of Montgomery Ward & Co. Under his direction, men who were conscripted and who enlisted to establish civil liberties throughout the world, disregarding his civil rights by force carried Sewell Avery, 69-year-old executive of Ward's, out of his office and deposited him on the sidewalk.

All of this came about because Ward's refused to renew an expired contract with the C. I. O. which contained a security-of-membership clause. The purpose of the seizure was to force Ward's to renew the contract with C. I. O. which contained a security-of-membership clause under which all of the employees of Ward's who now belong to the C. I. O. would be required to remain therein as members in good standing for a year from December 8, last.

Once that contract was signed, if C. I. O. followed the course which it has followed in other cities, the employees of Ward's who are members of the C. I. O. would be required to contribute a dollar each to the political action committee of the C. I. O., which has officially announced that its purpose is to reelect as President Commander in Chief Roosevelt, who ordered the seizure of this plant, and Congressmen and Senators who will support his administration.

This seizure of a civilian business is a novel and a new way of collecting campaign contributions.

To prohibit this vicious practice, the carrying out of this corrupt procedure to influence elections, an amendment to the Corrupt Practices Act was today introduced by me.

It is my hope that it will be considered at the same time as the bill which the gentleman from Arizona [Mr. HARLESS] earlier said he proposed to introduce to extend special privileges to labor organizations.

#### EXTENSION OF REMARKS

Mr. MONKIEWICZ. Mr. Speaker, I ask unanimous consent to extend my remarks in the Appendix of the RECORD on the life of the Reverend Stanislaw Iciek.

The SPEAKER. Is there objection to the request of the gentleman from Connecticut?

There was no objection.

#### THE THOMAS JEFFERSON MEMORIAL COMMISSION

The SPEAKER. Pursuant to the provisions of Public Resolution 49, Seventy-third Congress, the Chair appoints as a member of the Thomas Jefferson Memorial Commission the gentleman from California [Mr. POULSON] to fill the existing vacancy thereon.

#### HOURS OF DUTY OF POSTAL EMPLOYEES

Mr. BURCH of Virginia submitted a conference report and statement on the bill (H. R. 2928) to amend the act entitled "An act to fix the hours of duty of postal employees," and for other purposes, approved August 14, 1935, as amended.

#### POLISH CONSTITUTION DAY

Mr. LESINSKI. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from Michigan?

There was no objection.

[Mr. LESINSKI addressed the House. His remarks appear in the Appendix.]

#### OMNIBUS VETERANS' BILL

Mr. RANKIN. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from Mississippi?

There was no objection.

Mr. RANKIN. Mr. Speaker, for the benefit of the Members who are interested in the proposition I desire to report that the omnibus veterans' bill was voted out by the Committee on World War Veterans' Legislation on yesterday. We did not make it a perfect bill, but I am satisfied we improved it at least 100 percent.

A great many Members have asked when this measure would come up for consideration. It will probably take today and tomorrow to write the report; therefore, we cannot get it before the House under a rule before Wednesday of next week. I say this in order that those Members who have primaries on next Tuesday may understand that this measure will not be taken up before Wednesday.

We are asking for an open rule. Some people shudder at that because of the tendency on the part of Congressmen to try to amend veterans' legislation. But if the time has come when the Members of the House of Representatives do not have the stamina, the intelligence, and the courage to legislate intelligently on veterans' matters, then I say we have reached the limit in the decadence of representative government.

#### INDIVIDUAL INCOME TAX BILL OF 1944

Mr. DOUGHTON. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the further

consideration of the bill, H. R. 4646, to provide for simplification of the income tax.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union for the further consideration of the bill H. R. 4646, with Mr. HARRIS of Arkansas in the chair.

The Clerk read the title of the bill.

Mr. KNUTSON. Mr. Chairman, I yield myself such time as I may desire.

Mr. Chairman, after the masterful presentation of the tax simplification bill which was made in this House yesterday by our esteemed friend and colleague, the chairman of the Ways and Means Committee [Mr. DOUGHTON], and the equally able discussion of the measure by our distinguished colleague, the gentleman from Ohio [Mr. JENKINS], anything I might say regarding the details of this bill would be gilding the lily.

I re-read the remarks of these gentlemen in the RECORD only this morning and I must say that if any Member will do likewise he should have no trouble at all in understanding the nature of this bill and its effect upon the taxpaying public. In addition we have filed a committee report which gives a short, straight-to-the-point explanation of the changes in the existing law made by this bill. It is written in language that even a plain and humble person like myself can understand.

Furthermore, I can foresee how grateful some 30,000,000 taxpayers are going to be when they find out they no longer have to figure out in advance a hypothetical tax on a theoretical income. I can foresee how thankful these same 30,000,000 taxpayers will be when they discover that the money withheld from their salaries and wages comes within a few dollars of satisfying their tax liability. In addition to the millions of taxpayers who will be relieved of all the present detailed computations and worries over their tax liabilities, there will be another 20,000,000 individuals whose return forms will be greatly simplified because of the simplified requirements we propose to write into the Internal Revenue Code. I know of only one class of taxpayer who will be hurt by this bill and that is the large and active group of tax advisers who set up shop every spring and levy a tax of their own on millions of taxpayers in the lower brackets.

But the taxpayer alone will not benefit from this simplification bill. The Government also stands to profit by the simplified tax-collection system by the use of simplified forms and the new and more accurate tax-liabilities tables which will be in use. No statistical proof is needed to demonstrate the easing up of the load on the Treasury Department and Bureau of Internal Revenue that will follow, as a matter of course, from the adoption of this bill.

Those who say that the burden of determining the tax liability of some 30,000,000 taxpayers will be too great for the Treasury Department are wrong. I am told that a moderate-sized staff of examiners in each collector's office can perform this job easily and rapidly, be-

cause the only requirement is a check of the taxpayer's income figure and a glance at the tax-liability tables to determine the tax. The taxpayer's report, on a simple withholding receipt which he will file on March 15, if he is on a calendar year basis, will contain, in addition to the information filled in by his employer, a statement of his other income, and the number of his dependents. The calculation of his taxable income can be made quickly, the tax determined immediately, and a bill mailed out to the taxpayer the same day.

Mr. Chairman, in addition to these general benefits I would like to point out one or two specific provisions of this bill which were not discussed at much length yesterday, and which I feel should be brought to the attention of the House. The first pertains to the effect of this bill upon the farmers, the small businessmen, and merchants in rural communities and upon the millions of professional men and women whose incomes are not entirely derived from salaries and wages, but in many cases are received from the sale of farm produce or from fees and other charges for personal service and are not subject to withholding.

As you know, under the existing law, many thousands of people in this category are required to file a declaration of estimated tax, based upon an estimated income, but by the very nature of their employment they cannot forecast their earnings with any degree of certainty. If they are farmers, they have no way of knowing in advance how much of their products they will sell and do not even know what the price will be. They cannot foresee catastrophes of nature that may wipe them out overnight. Or, if they are professional workers, they cannot tell in advance what personal services they will be called upon to perform.

This situation has brought scores of complaints in the form of letters to my office and I am sure every Member of this House has received many similar objections.

In drafting this bill we had this large group of taxpayers in mind when we provided, on page 29, line 19, that although they would be required to file declarations of estimated tax, based upon estimated income, the final declaration could be filed 2 weeks after the taxable year had expired. In the case of a taxpayer on a calendar-year basis, therefore, he would be given until January 15 of the next year to file his final declaration but if he found himself in a position at that time to do so, he could file his final return on that date. If he were not able to file a final return at that time, he would be given until March 15 following the calendar year to file his complete return.

Another very important feature of this bill, and one which in my judgment will greatly simplify the income-tax problem for small businessmen and merchants in rural communities, is the provision on page 33 of the bill at line 21. This provision reduces from 80 percent to 66 2/3 percent, the amount of income derived by a taxpayer from farming, in order to qualify as a farmer.

This provision will probably not benefit millions of taxpayers, but it will certainly help many thousands who derive a substantial income from farming but have never been able to qualify as farmers for tax-declaration purposes, and who were therefore held down to somewhat more stringent rules regarding declarations of estimated tax.

Mr. Chairman, I could go through this bill, section by section, pointing out its advantages, benefits, improvements, and refinements, but that is not necessary because these details are fully explained in our report. We have written a tax simplification bill. It is only a simplification bill, but a mighty important one. In all my experience with tax bills I have never seen one that required less explaining than does this one, to make its provisions understood. Our report on the bill tells the whole story.

There is only one thing in this measure—just one technical detail which seems to have been misunderstood. I refer, Mr. Chairman, to its effect upon contributions to charitable institutions or religious groups and churches. This feature of the bill was discussed yesterday, and I believe the uncertainties were largely dissipated for those who heard the discussion. The importance of this matter, however, compels me to add a brief statement on the subject for the benefit of those who may not have been here yesterday, or may still entertain some misgivings about the status of charitable gifts.

In the first place, the difficulty arose over the interpretation of the so-called standard deductions which cover a taxpayer's deductible medical expense, his contributions to charity, his interest payments, his taxes on his home, and similar items of a personal or nonbusiness nature. The bill provides him with a standard deduction amounting to approximately 10 percent of his adjusted gross income, if it is below \$5,000, and a standard deduction of \$500 if his adjusted gross income exceeds \$5,000. This standard deduction is like a box of a certain size, into which he can pack all his deductions for medical expense, charitable gifts, and other similar expenses. If that box is not big enough to hold them all, a bigger container is furnished under this bill in the provision that allows him to itemize these expenditures and take deductions for them up to the full limits which the law allows.

Certain newspaper comments on the bill appearing last week gave the impression, inadvertently no doubt, that these standard deductions were all a taxpayer would be allowed, and that no matter how much he gave to charitable institutions, he would not get more than a 10-percent deduction, if he were in the under-five-thousand class, or more than \$500 if he were in the over-five-thousand class. The idea got around that no matter how much a taxpayer gave to charity, his deductions for this purpose would somehow be limited to these ceilings.

Of course, Mr. Chairman, this is not true. By referring to page 24 of the report, one will see that these standard deductions are offered simply as a convenience to those taxpayers who do not



ordinarily make large contributions to charity, who do not ordinarily have large interest payments, or more than average medical expenses or similar costs which the law says are not subject to tax. The law simply assumes that a taxpayer will have at least the average expenditures for these items and gives him these standard deductions to cover them, which he is not bound to take if his actual deductions for these purposes exceed the limits of the standard deductions.

We do not say, "This is all you will be allowed for such expenses." No. We simply say to the taxpayer, especially those in the lower brackets, "As a means of simplifying your tax problem, we take it for granted you gave an average amount to charity and had average medical expenses last year, so we are giving you the benefit of a standard deduction to eliminate the necessity for your itemizing all your charitable contributions and other expenses.

Mr. ROBSION of Kentucky. Mr. Chairman, will the gentleman yield?

Mr. KNUTSON. Briefly, yes.

Mr. ROBSION of Kentucky. That is 10 percent, is it not?

Mr. KNUTSON. Yes; the standard deduction is approximately 10 percent where the taxpayer's income is below \$5,000. If actual deductions are greater than 10 percent the taxpayer can take the actual deductions by itemizing them.

Mr. ROBSION of Kentucky. And when you get above \$5,000?

Mr. KNUTSON. You get a flat \$500 standard deduction.

Mr. ROBSION of Kentucky. You can get a flat \$500 deduction?

Mr. DOUGHTON. Or you can itemize your deductions in lieu of taking the standard deduction.

Mr. ROBSION of Kentucky. Or you can itemize them?

Mr. KNUTSON. That is in lieu of the standard deduction.

Mr. ROBSION of Kentucky. You can itemize the contributions and get up to 15 percent, can you not?

Mr. KNUTSON. That is right; you can itemize them.

Mr. DOUGHTON. The charitable deductions are allowed up to 15 percent of the taxpayer's gross income, if he itemizes them.

Mr. KNUTSON. That is 15 percent of the gross income. It used to be 15 percent of the net income. This gives the taxpayer an opportunity to get a larger allowance.

Mr. ROBSION of Kentucky. You mean your "gross net income"?

Mr. KNUTSON. No; I mean "gross income" without any deduction or, in other words, before any nonbusiness deductions have been taken.

These standard deductions, Mr. Chairman, are very fair because they are based upon statistics of income which show that among the under 5,000 group of taxpayers, only  $2\frac{1}{2}$  to 3 percent of his income is given to charitable institutions or churches and that approximately 5 percent of his income is devoted to medical expenses, interest payments, taxes, and similar expenditures, making a total of roughly 8 percent of his income for

all such purposes. We have given him the benefit of any doubts and allowed this group of taxpayers approximately 10 percent for deductions of this nature.

In this bill we have given approximately 10-percent allowance for these different items that I have enumerated. The records of the Internal Revenue Bureau show that the average nonbusiness deductions per taxpayer is 8 percent, so there is a gain of 2 percent right there, so far as the taxpayer is concerned.

Mr. ROBSION of Kentucky. What allowance would a person have if he gave \$500,000 to one or more colleges or churches? What allowance would he get?

Mr. KNUTSON. He would be allowed up to 15 percent on the gross income. If he were in a trade or business, he would be allowed 15 percent of his gross income less his business expenses.

Mr. ROBSION of Kentucky. That is 15 percent on the gross?

Mr. KNUTSON. Yes.

Mr. DOUGHTON. He can give it all if he wants to, but he can only get credit up to 15 percent of his gross income.

Mr. KNUTSON. That is right; there is no limit on what he can give, but he can only get an allowance of 15 percent of his gross income.

Mr. DOUGHTON. There is no inhibition in the bill. He can give every dime of it if he wants to.

Mr. KNUTSON. Yes; and some undoubtedly will.

If his actual deductions for such so-called personal expenditures exceeds the limits of the standard deduction, this bill does not in any way prevent such a taxpayer from exercising the option allowed to him under the bill, of taking the actual deductions in whatever amounts they may be up to the full limits which the law allows. In the case of charitable gifts, the full limit allowed by this bill is greater, not less than it was before, because the limit is based on 15 percent of the gross income instead of 15 percent of the net income which the existing law allows.

It is my sincere hope, therefore, that since through inadvertence or possibly haste in the preparation of a news report current misapprehensions arose over the effect of this bill on charitable contributions; that the institutions involved, and the people who open their hearts and purses to them, will no longer be concerned about the possible loss of contributions insofar as this bill is concerned. I can only say to them they have no cause to worry.

In my opinion, Mr. Chairman, this tax-simplification bill is another landmark in tax legislation. Its passage will do more to inspire confidence among taxpayers in our ability to write understandable tax laws than any speech on the subject or any promises that may be made of further improvements in our tax structure. The old familiar words, "By their deeds ye shall know them," will provide the taxpayers with a rule for measuring the degree of our sincerity in attempting to place taxation on a solid foundation after we have passed this bill.

The unanimous support which this bill has received up to this time is one of the most encouraging signs I have seen that tax legislation can be free of party politics if we are determined to make it so. There is no other field of legislation that demands the same meticulous attention to technical details. We have made some mistakes in the past, Mr. Chairman, and we will make occasional mistakes in the future, but I say, most of these mistakes have been made because we thought tax legislation could be handled solely from the standpoint of broad policies and that technical details were not important. But they are important, Mr. Chairman, and they will be more important in the future.

Now we have a chance to pass a tax bill that is greatly simplified in its approach to one phase of income-tax legislation. If it passes by a big majority vote in the House, it will do more than simplify income-tax procedures for millions of taxpayers, it will tell them that this Congress is fully aware of its responsibilities to the people of this country. But I hope to see it passed unanimously, Mr. Chairman, in order to prove, once and for all, that we can deliver a sane and intelligent piece of tax legislation, planned, designed and constructed for the benefit of all groups of individual income taxpayers. We owe it to them and we owe it to ourselves to make our vote on this bill unanimous.

Mr. DOUGHTON. Mr. Chairman, I yield 20 minutes to the gentleman from Tennessee [Mr. COOPER].

Mr. COOPER. Mr. Chairman, the pending bill, H. R. 4646, provides for the simplification of individual income tax. I believe it may be stated with confidence that this bill provides the greatest degree of income-tax simplification and relieves the taxpayer of more difficulty and trouble in making his return than any program ever provided in the history of this or any other country in the world.

It is not a revenue measure in the usual sense of the term, but is a tax-simplification bill. It accomplishes these purposes without substantially changing the number of taxpayers, and it is estimated that approximately the same amount of revenue will be yielded as under existing law.

I am happy to join with the others who have pointed out the fact that this bill is presented by your committee with its unanimous approval. It also has the unanimous approval of the staff of the Joint Committee on Internal Revenue Taxation, the staff of the Treasury Department, and the staff of the Bureau of Internal Revenue.

It comes here as a product of the united effort of all of these staffs and your Committee on Ways and Means. It is the belief of your committee that this bill will accomplish these very desirable objectives:

It will relieve a great majority of taxpayers from the necessity of computing their income tax.

It will reduce the number of tax computations.

It will simplify the return form.

It will decrease the number of persons required to file declarations of estimated tax under the pay-as-you-go system, and

it will eliminate some of the difficulties and uncertainties in the making of estimates required for declarations.

We now have about 50,000,000 people required to file individual income tax returns. This number may be divided roughly into 3 groups, for the purpose of considering the benefits provided in this bill. For the first group, embracing about 30,000,000 taxpayers, an extremely simplified method is provided. Individuals whose gross income is less than \$5,000 and whose income from sources other than wages subject to withholding do not exceed \$100, may, at their option, have their tax determined by the collector, if their income is received from certain sources. To be entitled to this option, their entire income must be derived from dividends, interest, and compensation for personal services. This is the form known as W-2. Employers are required to furnish their employees a receipt showing the amount withheld from their wages. The employee takes this receipt and turns it over and answers about 3 or 4 questions listed on the back, and signs it and mails it to his collector, and this is his tax return. He does not have to send any money with it. The collector determines his tax and if he has overpaid he mails him a refund, and if he has underpaid he mails him a bill for the amount he owes, which he is required to pay within 30 days.

It might be helpful to illustrate at this point an application of this form W-2. Form W-2 is now in use as a receipt, required by law to be issued by the employer to the employee. The employer must issue such a receipt for the amount withheld from the employee's wages, either when the employee quits the employment of that employer, or at the end of the year. I exhibit here a copy of the form W-2. You will observe that it is about the size of an ordinary bank check. That receipt is issued by the employer to the employee, showing the amount withheld from his wages. The employee then turns it over on the back and answers these simple questions. These may not be exactly the questions that will be finally used. This was a sample form that was made up by the Bureau for our use in the committee.

First, he will list the persons who receive more than half of their support from him during 1944, for whom an exemption is claimed. Question 1:

Enter your name in the first space. Include wife or husband if separate returns are not filed.

He simply lists his name, his wife's name, and the names of his dependents there. Question 2:

Enter the number of receipts received by you.

That is if he has worked for more than one employer during the year, has received more than one of these receipts he attaches all of them. Question 3:

Enter here total salaries and wages shown on receipts received by you listed in item 1 above.

Question 4:

Enter total dividends, interest, or wages not subject to withholding received during 1944 by you listed in item 1 above.

Then he simply signs his name and mails the form to the collector and that is his tax return. The collector then determines his tax. If the amount withheld is more than his tax, he will secure a refund. On the other hand, if it is shown that he owes additional tax, he is mailed a bill and required to pay such additional tax within 30 days.

Mr. CURTIS. Mr. Chairman, will the gentleman yield?

Mr. COOPER. I yield.

Mr. CURTIS. Will there be anything on the back of this receipt in addition to the four questions the gentleman has read asking the taxpayer to set forth the amount of his claimed deductions, including contributions?

Mr. COOPER. No; there will not be any question of that kind.

Mr. CURTIS. There will be nothing on this form to show the amount of the contributions he has made?

Mr. COOPER. Nothing definitely of that type. The standard deductions are, of course, figured in the tables used by the employer when he withholds from the employee's wages or salaries, and they include charitable contributions.

Mr. CURTIS. How then will he make his claim for a refund if he has made contributions over and above the standard deduction?

Mr. COOPER. He does not use this form but uses the other form if he wants to itemize his deductions.

Mr. HOLMES of Massachusetts. Mr. Chairman, will the gentleman yield?

Mr. COOPER. I yield.

Mr. HOLMES of Massachusetts. Are these annual receipts or are they furnished monthly or weekly?

Mr. COOPER. Under the law, and the present law is not changed in that respect, an employer is required to issue to his employee a receipt showing the amount of money withheld from his wages. He is required to give that receipt to an employee when the employee quits his employment, or at the end of the year.

Mr. HOLMES of Massachusetts. That answers my question; it is annual.

Mr. REES of Kansas. Mr. Chairman, will the gentleman yield?

Mr. COOPER. I yield.

Mr. REES of Kansas. So, if I understand it, this receipt takes the place of a tax return.

Mr. COOPER. This is the tax return.

Mr. REES of Kansas. Then while we talk about 30,000,000 people who will not need to file the long-form tax return it really means that a great many more than 30,000,000 returns will be filed, because an employee might be employed in two or three or a half-dozen places during the year.

Mr. COOPER. As I stated in the beginning, about 50,000,000 people are now required to file income tax returns. Of this 50,000,000, 30,000,000 will be able to use this short form, W-2, if they want to; it is optional with them. If they want to use the longer form and calculate their own tax they will have a right to do it.

Mr. REES of Kansas. Otherwise the employee will mail these receipts to the collector's office; is that correct?

Mr. COOPER. That is correct. The taxpayer receives this receipt from his employer, answers the three or four simple questions on the reverse side, signs it, and mails it to the collector of his district. Then the collector determines the tax due. If the amount withheld is more than the taxpayer owes, the collector promptly mails him a refund. If the collector determines that the amount withheld is not sufficient to pay the tax he then mails the taxpayer a bill and the latter has 30 days within which to pay.

Mr. REES of Kansas. And when does the employer give these receipts to his employees?

Mr. COOPER. The same as under present law—at the close of the year or upon termination of employment.

Mr. REES of Kansas. In other words, the taxpayer is expected to keep these receipts until the end of the year and file them all at the same time; is that the understanding?

Mr. COOPER. Oh, yes; he files all his receipts together. But bear in mind he fills out the three or four questions on the back of only one receipt but he attaches to that any other receipts he may have received during the year.

Mr. REES of Kansas. When do we begin using this W-2 form the gentleman described?

Mr. COOPER. It will be used in lieu of the final 1944 income-tax returns and filed between January and March 15, 1945.

Mr. REES of Kansas. This form then is being used at the present time?

Mr. COOPER. The form W-2 is now being used as a receipt from the employer to the employee; but under the provisions of this bill, in addition to being a receipt it will carry these three or four questions on the back that the taxpayer may answer and sign, and that constitutes his tax return.

Mr. REES of Kansas. That is the question I am asking. When do we begin answering those questions?

Mr. COOPER. Any time from January 1 to March 15 of the following year, the regular time for filing tax returns. It may be filed any time from January 1 to March 15.

Mr. REES of Kansas. The gentleman from Tennessee has described the questions which appear on the back of these receipts. They are being used now, but will not be filed until after January of 1945; is that correct?

Mr. COOPER. He will fill those questions out on the back of the receipt and send it to the collector between January 1 and March 15 of the following year.

Mr. MICHENER. Mr. Chairman, will the gentleman yield?

Mr. COOPER. With pleasure.

Mr. MICHENER. This return certainly is very understandable as explained by the gentleman from Tennessee. Am I correct in assuming that all schedules giving the detailed information as to how the amounts arrived at embodied in this return are eliminated?

Mr. COOPER. I am not sure that I quite understand the gentleman. Does the gentleman mean the usual informa-



tion that accompanies an ordinary income-tax return?

Mr. MICHENER. Yes; in the case of the ordinary income-tax return today the front page is a recapitulation of information detailed by the taxpayer in schedules on the other pages of the return in which the taxpayer explains how he arrives at the amount he enters on the first page. Those schedules serve as a check to show whether or not the taxpayer is complying strictly with the law.

Mr. COOPER. That is all eliminated as far as this form W-2 is concerned. This is all the taxpayer receives; this is all the taxpayer uses. All he has to do is to state to the collector what his income not subject to withholding has been and his dependency status. The collector then figures the tax; the taxpayer does not do any figuring at all.

Mr. MICHENER. If I may interrupt at that point, the collector does the arithmetic, he figures it up, but the taxpayer submits a statement showing, for instance, so much for wages, so much for dividends, so much for interest, but there is no check up so far as the Government is concerned as to the correctness of the figures used by the taxpayer in making the totals which appear on this slip.

Mr. COOPER. But the return is made under the usual penalty for perjury. If a man includes some item that challenges the attention of the collector, a deputy collector can go out and investigate it just as he does now.

Mr. MICHENER. That is what I am getting at. Under existing law, there is a check.

Mr. COOPER. But the return is made under the penalty of perjury just as under the present law.

Mr. MICHENER. That is the answer.

Mr. REED of New York. Will the gentleman yield?

Mr. COOPER. I yield to the gentleman from New York.

Mr. REED of New York. It has always been the rule under the income-tax law that the taxpayer is responsible for his return under penalty of perjury.

Mr. COOPER. Yes; the gentleman is correct.

Mr. REED of New York. That is true here?

Mr. COOPER. That is true. There is no change in that respect.

Mr. KEOGH. Will the gentleman yield?

Mr. COOPER. I yield to the gentleman from New York.

Mr. KEOGH. This amended bill does not obviate the necessity for the employers filing the information return, does it?

Mr. COOPER. Oh, no.

Mr. KEOGH. In response to the statement of the gentleman from Michigan, the collector has that information against which he can compare the amount shown on the receipt?

Mr. COOPER. The gentleman will bear in mind the employer figures out the amount that must be withheld from the wages of the employee by the use of the withholding tables provided in the law. He figures out the amount that is to be withheld from the employee and he withholds that amount. He makes

his own record and remits that amount withheld to the Bureau of Internal Revenue. He issues the employee a receipt showing the amount that has been withheld from wages during the year or if the employee quits before the end of the year at the time the employment ceases.

Mr. KEOGH. My point is that the collector will be in position to determine whether the receipt filed by the taxpayer includes all his earnings by comparing that receipt with information returns filed by the employer?

Mr. COOPER. Yes; to a great extent that check can be made there.

Mr. KEOGH. Will the gentleman be good enough to yield to me for one further question?

Mr. COOPER. With pleasure.

Mr. KEOGH. Does the gentleman have any knowledge or information as to whether there will be any increase in the administrative cost for the collector's computing the tax of those taxpayers who qualify and elect to file that short form?

Mr. COOPER. Yes. There will have to be some increase in the administrative expense. Obviously when the collector undertakes to determine the tax for these 30,000,000 taxpayers, it will require some personnel and some expense to perform that work.

Mr. KEOGH. But it should not be so great, in view of the fact that the collector presently audits those returns anyway?

Mr. COOPER. It is thought by the committee that the additional expense will not be very great and that whatever it amounts to, it is well spent in the interest of simplification.

Mr. ROBSION of Kentucky. Will the gentleman yield?

Mr. COOPER. I yield to the gentleman from Kentucky.

Mr. ROBSION of Kentucky. The employee of a company, of course, must give to the company information as to his dependents?

Mr. COOPER. The gentleman is correct. The employee must answer questions to his employer that are necessary for the employer to know how much to withhold from his wages. There is no change in the present law in that respect.

Mr. ROBSION of Kentucky. And the employer on top of that then gives to this person the 10 percent, or whatever it is, this standard exemption, does he not?

Mr. COOPER. That is all figured in the tables used by the employer in determining how much to withhold.

Mr. PITTINGER. Will the gentleman yield?

Mr. COOPER. I yield to the gentleman from Minnesota.

Mr. PITTINGER. I know the gentleman will pardon me for this statement, but I have to leave town this afternoon on important business and will necessarily be absent tomorrow.

I am in favor of this simplified income-tax return and if there were a roll call and I were present I would vote for it; however, as I stated, I will not be present tomorrow. I also understand that the Montgomery Ward investigation resolution is coming up tomorrow. I am in favor of that resolution and if pres-

ent I would vote for it. I thank the gentleman.

The CHAIRMAN. The time of the gentleman has expired.

Mr. DOUGHTON. Mr. Chairman, I yield the gentleman 10 additional minutes.

Mr. MURDOCK. Will the gentleman yield?

Mr. COOPER. I yield to the gentleman from Arizona.

Mr. MURDOCK. I would like to ask the gentleman one or two questions, but before doing so, may I say I have a very high regard for the views and the intimate knowledge and insight into tax legislation held by the gentleman from Tennessee, just as I do for the distinguished chairman of the committee.

Mr. COOPER. The gentleman is much too liberal in his reference to me, but I appreciate it.

Mr. MURDOCK. I want to also compliment him and through the gentleman compliment the entire Committee on Ways and Means for bringing forth a measure which has the unanimous support of that committee. I think this bill should have the unanimous support of the membership of the House. My question: I have found nothing in these last few momentous years that has so stirred and embittered the American people as have the complexities of the tax return used on the form last March 15. Can the gentleman explain to me why there were these complexities in form 1040? Was it a deliberate bureaucratic attempt to bedevil the American taxpayer or was it a necessary complexity in meeting the requirements of the law?

Mr. COOPER. The gentleman may rest assured that the form required to be executed by the taxpayers of this country was not any attempt on the part of the Bureau of Internal Revenue to cause the taxpayers any unnecessary trouble or difficulty. There was not a question included in that form that was not in accordance with law. The principle reason for the complications in the return filed by the people on last March 15 to a great extent was because of the bill passed last year. It was understood by everybody that during the transition period from the old system to the new system there would be more complexities involved than had ever been known before.

Mr. MURDOCK. The gentleman has answered my second question in part. We have heard it said that there have been 17 tax laws passed in about a dozen years which lends itself to these complexities. Does this complexity, which has been so obnoxious to the American people last March, hinge upon all of these 17 tax enactments, or is it the result of one particular recent enactment?

Mr. COOPER. I think there were more complications because of the bill passed last year than any other.

Mr. MURDOCK. I thank the gentleman. This will help to keep the record straight.

Mr. KNUTSON. Will the gentleman yield?

Mr. COOPER. I yield to the gentleman from Minnesota.

Mr. KNUTSON. The complications were caused in part by the Victory tax as well as the carry-over from 1942.

Mr. COOPER. The gentleman is correct. The Victory tax added considerable complications and, of course, that is repealed in this bill.

Mr. BROOKS. Will the gentleman yield?

Mr. COOPER. I yield to the gentleman from Louisiana.

Mr. BROOKS. It has been called to my attention in several instances recently that the Bureau of Internal Revenue is having difficulty getting the forms printed and out to the taxpayers in time. In cases of that sort it would seem to me that some arrangement should be made to protect the taxpayer. I know of some instances where the forms especially in reference to the estimates arrived in a whole State only a few days before they were due.

Mr. COOPER. I understand the gentleman's question.

Mr. BROOKS. Is there anything in this law which will protect the taxpayers in the event the Bureau of Internal Revenue is not able to get the forms out timely?

Mr. COOPER. I understand the gentleman's question. I must try to move along because I do not want to consume too much time, other Members wanting to speak. Of course, the reason for the difficulty this year was because of the lateness of the passage of the last tax bill. However, the Commissioner of Internal Revenue granted a general extension of 30 days for the filing of declarations of estimated tax.

Mr. KEOGH. Will the gentleman yield further?

Mr. COOPER. I yield to the gentleman from New York.

Mr. KEOGH. I appreciate the gentleman yielding. He may intend to cover this later in his statement.

Mr. COOPER. I am certainly trying to get to some other points.

Mr. KEOGH. I appreciate that. Would the gentleman be good enough in connection with that to explain to us the theory underlying the change with respect to exemptions allowed the spouses and whether it is the gentleman's thought that the proposed change will in effect compel the filing of joint returns by husband and wife?

Mr. COOPER. There is nothing in the bill which will have the effect of compelling joint returns.

Mr. REES of Kansas. Mr. Chairman, will the gentleman yield?

Mr. COOPER. I yield to the gentleman from Kansas.

Mr. REES of Kansas. During the year 1944 we will have the same deductions as for 1943 so far as the taxpayer's check is concerned, provided he has not changed his marital status; is that not correct?

Mr. COOPER. The gentleman is referring to withholding?

Mr. REES of Kansas. That is correct.

Mr. COOPER. The gentleman is correct.

Mr. REES of Kansas. The changes that are made in the tax laws wherein you do change the amount of taxes to be collected either by exemption or other-

wise, will not come about then until 1945; is that correct? The adjustment is made in January 1945?

Mr. COOPER. If the gentleman will turn to page 2 of the bill, he will see "except as otherwise expressly provided, the amendments made by this part shall be applicable with respect to taxable years beginning after December 31, 1943."

That means January 1, 1944. The new withholding tables in this bill take effect January 1, 1945, obviously, for this reason. This is the fifth month of this year. You cannot withhold now on wages already paid an employee during the last 4 months, so you can only make your new withholding effective at some future date. For the convenience of employers and all concerned, it was thought best to have the new withholding tables take effect on January 1, 1945.

Mr. REES of Kansas. So the amount to be collected from the taxpayer's check then will be just the same for this year, but after January 1, 1945, we will collect a larger amount from the taxpayers' checks.

Mr. COOPER. The gentleman is partially correct. The withholding will be greater for some, and less for others after the new withholding tables go into effect.

Mr. REES of Kansas. Although the same amount of taxes will be collected for 1944 as for 1945.

Mr. COOPER. Substantially the same.

Mr. REES of Kansas. Yes; substantially the same, except you would collect the difference after the 1st of January 1945.

Mr. COOPER. The gentleman will bear in mind something that we tried to emphasize several times, and there still seems to be some confusion about it. The withholding is not a tax. It is just a method of collecting the tax that the taxpayer owes, whether you collect it by withholding or any other method. Withholding is simply a method of collecting the tax that the taxpayer owes under the revenue law.

Mr. REES of Kansas. What I wanted to get across was that the taxpayer would not know the difference until January 1 so far as payments are concerned.

Mr. COOPER. That is true.

The CHAIRMAN. The time of the gentleman has expired.

Mr. DOUGHTON. I yield the gentleman 10 additional minutes, Mr. Chairman.

Mr. COOPER. Mr. Chairman, the explanation I have endeavored to give shows the use of this form W-2. This is the simple method provided for 30,000,000 taxpayers.

The second group, embracing about 10,000,000 taxpayers, whose income is from sources not subject to withholding, will set forth their income on a tax form and determine their tax; if they so desire, from a tax table shown on the form. It will be much simpler than the present so-called short form.

The third group, embracing about 10,000,000 taxpayers, principally with the higher incomes and involving more com-

plication, will make out a form which will be simpler than the present form 1040.

I might take a moment to illustrate that. For the second group that I have mentioned, embracing about 10,000,000, they will simply take this form of 1 page with 10 questions on it, fill that out, use this table to determine the amount of the tax, sign it, and send it in. The businessman will use the tax schedules to itemize his business deductions.

For the last group of 10,000,000 they will make out this form here on this sheet and will find that they will have to answer some of the questions appearing on the back of it. That covers substantially the last 20,000,000 taxpayers, and then the 30,000,000 who use the simple W-2 form takes care of the 50,000,000 income taxpayers we have.

Mr. MILLS. Mr. Chairman, will the gentleman yield?

Mr. COOPER. I yield to the gentleman from Arkansas.

Mr. MILLS. The gentleman is saying—and I think it should be emphasized at this point—that of the 50,000,000 taxpayers, 40,000,000, either through the use of the W-2 form or the form just demonstrated by the gentleman, will not have to make any tax computation whatsoever.

Mr. COOPER. The gentleman is correct.

Mr. Chairman, thus it will be seen that simplification is provided for all individual income taxpayers, and for 30,000,000 of the 50,000,000 an extremely simple method is provided. The bill provides for normal tax purposes an exemption of \$500. For surtax purposes there is allowed a per capita exemption of \$500 per person—that is, \$500 for the taxpayer, \$500 for his spouse, and \$500 for each dependent.

A dependent is defined as, and really means, anyone for whom the taxpayer furnishes over half of the support, provided the person is closely related to the taxpayer, and is not himself required to file a return.

As I stated a moment ago, the Victory tax is repealed. The present normal tax and the surtax are combined. A new normal tax of 3 percent on each person whose net income exceeds \$500 is provided in the bill.

I have already mentioned that new tables of withholding are provided in the bill to take effect January 1, 1945.

In closing, I want to again emphasize the two special benefits that are provided in this bill for the farmers of this country. One is that the definition is changed. Under the present law a person must receive 80 percent or more of his gross income from agriculture in order to qualify as a farmer. This bill changes that to two-thirds or 66½ percent.

The next point in the interest of the farmer is that under the present law a farmer is required to file a declaration of his estimated tax by December 15, and must estimate within at least two-thirds of his tax, in order to avoid penalty, unless he uses last year's income. Under the bill the date of December 15 is



changed to January 15, so that on January 15 a farmer may make his final return for the previous calendar year and not have to file any declaration of estimated tax. If he finds that he is not prepared to pay his full tax on January 15 he can then file his estimate, and then will have until March 15 to file his regular income-tax return and pay the remainder of his tax.

Mr. DONDERO. Mr. Chairman, will the gentleman yield?

Mr. COOPER. I yield to the gentleman from Michigan.

Mr. DONDERO. In the case of a married man whose wife has no income whatever, is he still entitled to take as an exemption \$1,000?

Mr. COOPER. The gentleman is correct.

Mr. VOORHIS of California. Mr. Chairman, will the gentleman yield?

Mr. COOPER. I yield to the gentleman from California.

Mr. VOORHIS of California. But he cannot take \$1,000 on the 3-percent normal tax, can he?

Mr. COOPER. No; that is for the surtax.

Mr. VOORHIS of California. On the surtax he has \$1,000?

Mr. COOPER. That is right.

Mr. VOORHIS of California. As I understood from going through the report, if a man's wife does have certain income, then the normal-tax exemption is increased by the amount of that income up to a total of \$500.

Mr. COOPER. The gentleman is correct. Take this as an illustration. Say the taxpayer is a man. He is entitled to \$500 exemption for normal tax. Assume that his wife had \$300 of income. Then the exemption is increased from \$500 to \$800 for normal-tax purposes.

Mr. VOORHIS of California. It seems to me that that is not altogether equitable. In one case we have a man trying to support a family on his own income alone, and his exemption is less than would be the case with a family that has two incomes.

Mr. COOPER. After all, the wife had the \$300 income, and she would be entitled to \$500 exemption if her income exceeded the \$500.

Mr. VOORHIS of California. I see. In other words, it really reduces the exemption that would otherwise have been given in a case like that.

Mr. COOPER. It does. It has the effect of reducing it.

Mr. VOORHIS of California. I did not understand that. I am much obliged.

Miss SUMNER of Illinois. Mr. Chairman, will the gentleman yield?

Mr. COOPER. I yield to the gentleman from Illinois.

Miss SUMNER of Illinois. I think the committee before the bill comes back to the House, at least, ought to provide some relief from the penalties in the case of farmers filing too late this year, for this reason: In my district there was a great difference of opinion among the various accountants and the district and county revenue officials as to whether a

man was a farmer, having 80 percent of his income within that provision. As a consequence, we even had farm laborers on the big farms being penalized for their income taxes. It was very widespread. I think the committee should provide relief from that penalty in this House before the bill is finally voted on.

Mr. COOPER. We appreciate the suggestion of the gentleman. In the revenue bill of 1943 we amended the Internal Revenue Code to eliminate the penalty for failure to file a declaration of estimated tax where the delay was due to a reasonable cause and not to willful neglect. I do not believe any Government official in the case you put would hold that the delay was not due to a reasonable cause. This relief is continued under the bill. Moreover, under the bill, for 1944 and subsequent years, an individual has to receive only two-thirds of his income from farming in order to qualify as a farmer.

Mr. KEOGH. Mr. Chairman, will the gentleman yield?

Mr. COOPER. I yield to the gentleman from New York.

Mr. KEOGH. May I ask the gentleman if it is not true that the illustration he has given to the gentleman from California conversely would impel a married couple, the spouse of which earns more than \$500, to file a joint return?

Mr. COOPER. Where both spouses earn over \$500 there would be no advantage, and certainly no compulsion, to file a joint return.

Mr. KEOGH. Is it not true that but recently the gentleman's own committee rejected the proposal to compel the filing of joint returns?

Mr. COOPER. The gentleman is correct and this bill does not compel the filing of joint returns.

Mr. KEOGH. Does the gentleman maintain that, practically speaking, the filing of joint returns is one of those things that ought to be done?

Mr. COOPER. That was not considered in this bill.

Let me point out one thing further. If there is any slight advantage provided for anybody under this system, it is in the interest of the taxpayers with a large number of dependents, in other words, the large families of the country.

I believe this bill is worthy of the unanimous support of the House.

Mr. CARLSON of Kansas. Mr. Chairman, I yield 25 minutes to the gentleman from New Jersey [Mr. McLEAN.]

Mr. McLEAN. Mr. Chairman, the pending bill is in response to public demand. It is true that it came from the committee by unanimous vote. I voted to report it, but not with a great deal of enthusiasm. The country is demanding relief, and, because there is some good in the bill, I am prepared to give it my support to send it on its way to the Senate where, after having been subjected to the spotlights of pitiless publicity, it may emerge with some improvements. So many tax bills had been passed in a short period of time that taxpayers had not been able to keep abreast

of the amount owed or the method of payment. Seventeen tax bills had been passed in 12 years, and many of these were enacted late in the taxable year and were made retroactive. Confusion with resentment and demand for definiteness and simplification resulted.

The committee began its consideration of the problem with a declaration of its purpose to simplify the tax laws without substantially changing the number of taxpayers or the revenue yield under existing law. The public had a right to infer—and I believe it was understood—that only the machinery of administration would be affected. What we have here is a bill with a double aspect. It provides simplification and it also affects the revenue. In my opinion a very substantial increase in the personal income taxes will result from its enactment.

As to simplification, it does not go far enough. We now have three taxes—a normal tax, a surtax, and the Victory tax. The bill would abolish the Victory tax and continue the normal tax and surtax. Under the bill we have two taxes instead of three, except for those who elect to come under what is designated as Supplement "T." Supplement "T" provides a single tax for those whose income is under \$5,000. The consolidation of the normal tax with the surtax would provide further simplification.

Of course, we know the truth to be that a nominal normal tax is continued, having in mind the tax-exempt securities issued by the Government. These securities, according to their terms, are exempt from normal taxes but are subject to surtaxes, and the combination of the normal with the surtax could leave the income of these securities free of tax. So some sort of a normal tax must, therefore, be maintained.

Students of the income tax agree with Professor Blakey who says in his book *The Federal Income Tax*, published as recently as 1940:

There seems to be little or no excuse for maintaining a double system of rates and distinguishing between a normal tax and a surtax on individuals. Only 4 of the 34 States having income taxes have such a combination, and most of these result in patchwork rather than in systematic schedules of rates.

The history of the surtax is political. The purpose of it was to put persons of large income in a class where they could be subjected to separate treatment and made to pay larger taxes. This idea was developed early in the life of the income tax. The surtax is being used for that purpose today. For those who believe in that philosophy the same results can be accomplished by the system of graduated rates. No satisfactory answer has been given to the query as to why if such a system can be provided for those with incomes under \$5,000 a single tax cannot be provided for the rest. The problem of the tax-exempt securities is not without its solution to accomplish this purpose. Such securities have not been issued for some time, many have been liquidated, and a careful study of the matter may develop the fact that the loss of revenue might not be too much of

a price for the Government to pay for the resulting simplification of its tax-collection machinery. Also, the possibility of complying with the law of uniformity by placing the surtax on incomes from particular classes of property might be explored.

However, the simplification under the pending bill—as far as it goes—is beneficial. The practice of withholding taxes out of employees' pay is still in the experimental stage. The machinery herein provided is better than anything we have had thus far, and reflects the benefits resulting from past experience. It will probably serve all right in wartime, but what the reaction will be under peacetime conditions is problematical. The Government is now in competition with many other agencies enjoying the privilege of putting their hands into the pay envelopes of a worker. I am familiar with one industry which makes 22 deductions. These include union dues, social security, bond purchases, hospitalization, and various items for charitable and social purposes.

Some pay checks have so many squares for noting deductions for various items that they look like a card for matching numbers in a bingo game. When the system begins to touch the pride of the American wage earner its success is doubtful. It might be well to give some thought to what could happen if the "take home pay" becomes the lesser part of a man's earnings and, also, if there is not the possibility of the practice inviting demands for increased wages.

My purpose is not to argue against the imposition of further taxes nor against the need of additional revenue in the light of the world cataclysm in which we are now involved—the most expensive war the world has ever known. It is to point out the devices used in increasing taxes of which the public should be informed.

My charge is that advantage is being taken of this opportunity to enact a revenue bill to help put the personal income taxes up to where the administration wants them. Such an effort is untimely.

In the spring of 1942 the Treasury made a demand for additional taxes of \$10,500,000,000. Of this amount \$6,500,000,000 was to come from personal income taxes. The Ways and Means Committee reached the conclusion that the amount was beyond the ability of the people to pay, and on May 18, 1943, in a report accompanying H. R. 3687 said:

It is believed that so far as the individual income tax is concerned we are approaching the point of diminishing returns. Few persons realize that under existing law with the carry-over of the 1942 tax required to be paid in 1944 and 1945 no individual—no matter how high his income—will have more than \$25,000, assuming his income remained constant and his uncanceled tax is paid out of current income.

After setting up some tables to illustrate the point, the report went on to say:

These figures do not include the State income-tax burden. It should be noted, in addition, that these figures do not include social-security taxes or Federal or State excise and sales taxes, or State property taxes, all of which makes the direct income tax burdensome.

This was the considered judgment of the Committee on Ways and Means in November 1943, and, as a result, only nominal increases were provided in the revenue act of that year. But the earned-income credit was abolished and resulted in an increased burden on the individual taxpayer.

The administration did not agree with the sentiments expressed in the report of the Committee on Ways and Means. The failure to assess \$6,500,000,000 additional revenue from personal income taxes excited the ire of the administration. It resulted in the veto of the measure which brought about the now historic Barkley incident. The political ramifications of that volcanic eruption brought about early efforts toward reconciliation. These efforts culminated at a luncheon attended by the Secretary of the Treasury; Chairman GEORGE, of the Senate Finance Committee; and Chairman DOUGHRON, of the House Committee on Ways and Means. After the meeting the Secretary of the Treasury announced that all differences had been reconciled, and that the administration would be satisfied for the time being with the simplification of the tax laws. So the Committee on Ways and Means proceeded to "provide simplification without substantially changing the number of taxpayers or the revenue yield under existing law."

Nevertheless, the temptation to inject revenue features into this measure was difficult to resist. We are told that the enactment of this measure will cause a loss of \$60,000,000 to the Treasury. With this sentiment I cannot agree. The yield from every recent enactment has been far in excess of the estimates. This is particularly true under the pay-as-you-go withholding plan. The marked increase in collections as shown by a comparable statement in the recent report of the Collector of Internal Revenue would indicate this:

Receipts for period of July 1, 1942, to Mar. 31, 1943

Personal income tax collected.....	\$3,621,536,284.81
Personal income tax withheld.....	1,824,754.66
Total personal income taxes.....	3,623,361,039.47

Receipts for comparable period July 1, 1943, to Mar. 31, 1944

Personal income tax collected.....	\$7,433,431,794.24
Personal income tax withheld.....	5,435,649,735.89
Total personal income taxes.....	12,869,081,530.13
1943 collections.....	3,623,361,039.47

Increase for 9 months of the fiscal year 1944..	9,245,720,490.66
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It is said for the bill that in order to bring about the benefits of simplification the Government will sacrifice \$60,000,000 in revenue. It is represented that by eliminating the Victory tax and substituting therefor a normal tax of 3 percent on net incomes in excess of an exemption of \$500 there will be lost \$240,000,000; that by substituting new surtax rates there will be a gain of \$490,000,000. In other words, in making the transition from the three existing taxes to two, and increasing surtax rates there will be a net gain of \$250,000,000. Losses are estimated of \$290,000,000 in the changes of dependents and deductions of \$370,000,000, and a gain is anticipated of \$300,000,000 in the change in personal exemption. My analysis indicates a much larger gain from the increased surtax rates and, consequently, in the over-all picture. I assume as correct the Treasury's estimate of loss by the elimination of the Victory tax at \$250,000,000.

I have estimated the increase in each surtax bracket, making generous allowance in favor of the Government, and multiplied them by the number of taxpayers there are in each bracket, according to Treasury estimates, and I find an increase upward of \$580,124, as against \$490,000,000 estimated by the Treasury. This estimate covers only 41,000,000 taxpayers and does not include some additional amount that will be received from 11,000,000 Victory-tax payers with incomes above \$500 who will be covered into the new system. It is apparent that not only will there be no loss of revenue but, in the name of simplification, there will be an increase of revenue upward of \$200,000,000, with a margin for error between \$200,000,000 and \$400,000,000. In reaching this conclusion I have assumed as correct the Treasury estimate of loss in the category of dependents and the new standard deduction for charities, and so forth, as well as the loss due to the elimination of the Victory tax, as stated above.

Bear in mind also the provision you will find on the second page of the bill which reads "except as otherwise provided, the amendments made by this part shall be applicable with respect to the taxable years beginning after December 31, 1943." The effect of this provision is to make the new surtax rates effective as of January 1, 1944. And this in spite of a declaration made by the committee that there would be no more retroactive tax laws adopted. Consequently, many people who have filed an estimate of their anticipated tax for 1944 will find themselves above their estimates when the day of reckoning comes on March 1, 1945.

The new withholding provisions do not become effective until January 1, 1945. Why should it be necessary to alter the tax rates and exemptions calculated to implement the system a year in advance?



*A comparison of individual surtax rate schedules (with normal tax included) under Revenue Act of 1943, with the surtax schedule under the pending bill, together with rates of increase*

Under pending bill		Present law	Percent of increase
If the surtax net income is:	The surtax shall be:		
Not over \$2,000.....	20 percent of the surtax net income.	19 percent.....	1
Over \$2,000 but not over \$4,000....	\$400, plus 22 percent of excess over \$2,000.	\$380 plus 22 percent.....	0
Over \$4,000 but not over \$6,000....	\$840, plus 26 percent of excess over \$4,000.	\$820 plus 26 percent.....	0
Over \$6,000 but not over \$8,000....	\$1,360, plus 30 percent of excess over \$6,000.	\$1,340 plus 30 percent.....	0
Over \$8,000 but not over \$10,000....	\$1,960, plus 34 percent of excess over \$8,000.	\$1,940 plus 34 percent.....	0
Over \$10,000 but not over \$12,000....	\$2,640, plus 38 percent of excess over \$10,000.	\$2,620 plus 38 percent.....	0
Over \$12,000 but not over \$14,000....	\$3,400, plus 43 percent of excess over \$12,000.	\$3,380 plus 42 percent.....	1
Over \$14,000 but not over \$16,000....	\$4,260, plus 47 percent of excess over \$14,000.	\$4,220 plus 46 percent.....	1
Over \$16,000 but not over \$18,000....	\$5,200, plus 50 percent of excess over \$16,000.	\$5,140 plus 49 percent.....	1
Over \$18,000 but not over \$20,000....	\$6,200, plus 53 percent of excess over \$18,000.	\$6,120 plus 52 percent.....	1
Over \$20,000 but not over \$22,000....	\$7,260, plus 56 percent of excess over \$20,000.	\$7,160 plus 55 percent.....	1
Over \$22,000 but not over \$26,000....	\$8,380, plus 59 percent of excess over \$22,000.	\$8,260 plus 58 percent.....	1
Over \$26,000 but not over \$32,000....	\$10,740, plus 62 percent of excess over \$26,000.	\$10,580 plus 61 percent.....	1
Over \$32,000 but not over \$38,000....	\$14,460, plus 65 percent of excess over \$32,000.	\$14,240 plus 64 percent.....	1
Over \$38,000 but not over \$44,000....	\$18,360, plus 69 percent of excess over \$38,000.	\$18,080 plus 67 percent.....	2
Over \$44,000 but not over \$50,000....	\$22,500, plus 72 percent of excess over \$44,000.	\$22,100, plus 69 percent.....	3
Over \$50,000 but not over \$60,000....	\$26,820, plus 75 percent of excess over \$50,000.	\$26,240, plus 72 percent.....	3
Over \$60,000 but not over \$70,000....	\$34,320, plus 78 percent of excess over \$60,000.	\$33,440, plus 75 percent.....	3
Over \$70,000 but not over \$80,000....	\$42,120, plus 81 percent of excess over \$70,000.	\$40,940, plus 78 percent.....	3
Over \$80,000 but not over \$90,000....	\$50,220, plus 84 percent of excess over \$80,000.	\$48,740, plus 81 percent.....	3
Over \$90,000 but not over \$100,000....	\$58,620, plus 87 percent of excess over \$90,000.	\$56,840, plus 83 percent.....	4
Over \$100,000 but not over \$150,000....	\$67,320, plus 89 percent of excess over \$100,000.	\$65,140, plus 85 percent.....	4
Over \$150,000 but not over \$200,000....	\$111,820, plus 90 percent of excess over \$150,000.	\$107,640, plus 87 percent.....	3
Over \$200,000.....	\$156,820, plus 91 percent of excess over \$200,000.	\$151,140, plus 88 percent.....	3

The estimates of the Treasury are that by reducing the exemption for married people from \$1,200 to \$1,000, there will be an increase of \$300,000,000. This manipulation will be much more favorable to the Government. Reducing the exemptions has always been a favorite device to increase taxes. It increases the taxable income in all brackets, falling most generously on the higher brackets—where the taxable income is subject to the higher rates. It is, therefore, fair to assume that there will be an increase of revenue in this item far greater than the \$300,000,000 estimated.

There will be a further increase by the change in the use of personal exemption. Heretofore it has been permissible for a married couple to use the total exemption as was most advantageous. The entire amount could be used by either spouse. That is no longer possible. It may be divided equally between them if they are using separate returns. It can be used jointly in filing a joint return. As a result of either method many married couples will find themselves in higher brackets paying larger taxes.

The matter of change in exemptions for dependents has received much publicity. The Government estimates a loss of \$290,000,000 in this item. In order to determine the loss or gain with any degree of certainty the number of depend-

ents in the various categories allowed under the bill must be known. While I am satisfied that the loss will not be as large as claimed by the Treasury, I accept the estimate as a guess just as good as I could make myself, and assume it to be correct. The same is true as to the estimated loss from the 10-percent flat allowance under the so-called standard deduction. This is one feature of the bill that will aid in simplification. Much can be said for it. It will result in inequalities, and there is fear that charitable contributions may be affected by it. However, it will aid in the collection at the source under supplement T and should be given a trial.

Further indication of increase is found in the burden tables furnished the committee by the Treasury Department. These tables show that with few exceptions all single persons will suffer an increase; all married persons without dependents will suffer an increase; all married persons with one dependent will suffer an increase. Beyond that there will be some slight reductions.

It is difficult to reconcile how taxes can be so uniformly increased in these categories with the contention of the Treasury that there will be a reduction in revenue by the enactment of the bill.

Whenever a manipulation with rates in a tax bill begins with lowering exemptions and increasing rates it is fair to

assume that an increase in yield is being planned, especially when the burden tables show an anticipated increase.

I am not able or willing to conjecture what the revenue yield will be. That would be as impossible as our recent experiences have been. All of the estimates made for recent enactments have been exceeded, but the revenue yield from this bill will be substantial and I believe a simplification measure could be developed without manipulation and some of the changes in the exemptions and rates carried in the pending bill.

Mr. DOUGHTON. Mr. Chairman, I yield 10 minutes to the gentleman from Rhode Island [Mr. FORAND].

Mr. FORAND. Mr. Chairman, the bill before us, H. R. 4646, has been very thoroughly and very well explained by those who have preceded me. There remains little, if anything, that I can add to what already has been said in the way of explanation.

However, I do want to take a little time to pay tribute to the chairman of our committee and to all my colleagues on both sides of the aisle, who have worked so hard, so diligently, and so cooperatively in getting out this bill which, to my mind, is a real simplification bill.

All of us have heard criticism from all walks of life because of the complicated returns which we had to fill out. The truth of the matter is that the returns were complicated, but it was not so much the return that scared the people. Rather, it was the fact that they had to collect figures, most of them having done no bookkeeping during the year. Really, that is where the trouble lay at that moment.

I am happy, indeed, that we were able to bring to the floor the type of bill that H. R. 4646 is. That bill reflects the unanimous opinion not only of the committee but also of the staffs, as you have been told before, the staff of the Joint Committee on Internal Revenue Taxation, the staff of the Treasury Department, and the staff of the Bureau of Internal Revenue. It reflects a unanimous opinion that this is a real progressive measure, a real step in the line of simplification.

I am extremely happy that my colleagues saw fit to incorporate in this bill the principles that I had outlined in a bill which I presented last January (H. R. 4087) to eliminate the necessity for filing returns by those people whose total income-tax liability was withheld at the source. In view of the fact that I had dropped a bill into the hopper last January containing those principles, and now to see it enacted into law really pleases me very much.

A question arose during our deliberations as to whether or not there should be some kind of return filed by each of those individuals with the internal-revenue collector.

As the gentleman from Tennessee [Mr. COOPER] explained so well a few moments ago, the form W-2 will now be the return for some 30,000,000 taxpayers. One question that arose was as to what check

might be had on employers, perhaps few in number, but those unscrupulous employers who would not report to the Bureau of Internal Revenue the amount withheld as taxes from their employees. It was thought that by compelling the individual to submit the form W-2 the Treasury would have a check on the employer. In this same connection there also arose the question that the individual sending in form W-2 given to him by the employer at the end of the year, showing the amount of his earnings and the amount deducted for taxes, would have no receipt that he could keep. It was then decided that the employer in issuing form W-2 should issue it in duplicate so that the original could be mailed to the Bureau of Internal Revenue and the duplicate held by the individual as his receipt to show in the future if he were called upon to do so. That provision was not incorporated in the bill; you will find in the bill nothing at all relative to the issuance of duplicate receipts. The law authorizes the Bureau of Internal Revenue to issue regulations and it is my understanding that regulations providing for duplicate W-2's will be issued. In fact, the matter was brought up in committee this morning, and the Treasury Department assured us that this will be done.

Mr. BROOKS. Mr. Chairman, will the gentleman yield?

Mr. FORAND. I yield.

Mr. BROOKS. I may say I always listen to the gentleman from Rhode Island because he never fails to have something of intellectual importance to give the Members of this House.

Mr. FORAND. The gentleman is very kind.

Mr. BROOKS. I am concerned with this complicated set-up we have had in the past. Our people have been worried by the fact that oftentimes the forms were mailed to them at a late date. For instance, I have in mind a case in Louisiana where forms arrived in the hands of the taxpayers only 3 or 4 days before they had to be filed. The Commissioner of Internal Revenue tells me of other States which suffered a similar experience. The taxpayer is confronted by complicated forms, and in addition by the fact that he has a very limited time in which to fill out the forms. I wonder if the gentleman has discussed that matter with the Bureau of Internal Revenue and what reaction they have had.

Mr. FORAND. I shall be pleased to pass on to the gentleman the information I have on the subject. It is true that during the last year because of numerous changes brought about by our tax bills it was very difficult for the Bureau of Internal Revenue to get out their forms on time. One instance of that was the estimate of earnings for the ensuing year that was supposed to be filed last March 15.

The Commissioner of Internal Revenue granted a blanket extension of time to April 15. We all realize, and I have been informed by the Treasury Department that this is so, that the Government Printing Office during these war days is working overtime; it is being pressed very hard, and it has been neces-

sary in many instances to allocate the printing of forms, not only forms for the Bureau of Internal Revenue, but for other departments of the Government as well, to commercial printing establishments. There has been difficulty in getting the forms, but in view of the fact that this bill is being passed at such an early date in the year I am satisfied the Bureau will continue its effort and that there will be no more trouble in the way of delay.

Mr. BROOKS. One more question: The gentleman then feels that if the Bureau of Internal Revenue cannot get the forms out in time the appropriate remedy would be for the Commissioner to grant a blanket deferment to the taxpayers to give them a reasonable time within which to furnish the information.

Mr. FORAND. The gentleman is correct, and I am quite sure that would be done.

Mr. Chairman, because I have been appointed by the Speaker as a member of the Board of Visitors to the Coast Guard Academy at New London, Conn., I shall not be here tomorrow. The annual meeting of the Board has been called for Saturday, and it is necessary for the Board to leave here tomorrow, but I want the RECORD to show that I am absolutely in favor of the passage of this simplification bill, which I believe will prove to be a godsend to all the taxpayers.

The CHAIRMAN. The time of the gentleman from Rhode Island has expired.

The Chair would like to state that the gentleman from Minnesota has consumed 1 hour and 24 minutes, the gentleman from North Carolina 1 hour and 54 minutes.

Mr. KNUTSON. I checked up, but can only make it 188 minutes on our side. I do not, of course, want to take issue with the judicial register.

Mr. Chairman, I yield 15 minutes to the gentleman from Kansas [Mr. CARLSON].

Mr. CARLSON of Kansas. Mr. Chairman, this bill has been so well discussed and so well analyzed that I do not expect to devote more than a few minutes to a discussion of certain sections and to the effect of the administration of this legislation. We are all, of course, greatly pleased that the Ways and Means Committee has brought out this bill, and we feel sure the House will adopt it and thereby bring about a simplified tax return. Our citizens are demanding it. Congress is acting in response to public sentiment.

Of course, the tax-return forms should be made more simple. These forms, however, are not the seat of the problem. They are just its surface expression.

There cannot be simplification of tax returns unless we simplify the taxes. It would be very nice, indeed, if it were possible to cross out a few lines and rearrange the tax-return forms, but the task is not so delightfully simple as that. If, however, one realizes that these forms are merely a means to an end and the end is really represented by the requirements of the tax laws, we get back nearer to the seat of the difficulty.

The tax-return forms are complicated because the tax laws are complicated. We have entirely too many taxes, interpretations, explanations, and modifications. They have been accumulated step by step over the years. They are not there because of a reasonable and systematic effort to create a tax system. They are there because of the process of addition and subtraction. They have arisen chiefly as the result of emotional pressures and, of course, under the drive of certain prejudices and fallacies which fevers of public opinion have imposed upon the tax structure from time to time. If we really are concerned about simplification because the tax forms seem complicated, I point out that the few sheets of paper represented by the tax forms are not the culprits. These are merely symptoms of deep-seated diseases. Unfortunately we are not called upon to confront just one disease, but a complication of diseases. So unless a great many people are prepared to revise some of their notions and fancies about taxation in a very fundamental way, they might just as well resign themselves to the continuance of a great deal of confusion. We are trying to take one step toward simplification in the bill.

The only way to simplify is to simplify.

We are responding now to public demand for a simplified tax return. Congress should keep in mind that the revenue bills we have enacted during the past few years have placed a great burden on business and industry. In my opinion it will be a matter of only months or a few years at most before we are going to hear from the business and industry of this Nation in regard to the administrative burden we have placed on them. By this bill we take care of the simplification of personal income-tax returns to a large degree, but we must keep in mind that the basis of this simplification is the W-2 return. This means we have placed on business and industry the general burden of collecting the personal income taxes of at least 30,000,000 to 40,000,000 taxpayers. Business and industry have gladly shared this burden during the war period, but I am wondering if after we return to normal peacetime pursuits we are not going to have to analyze the situation again and see if we cannot simplify and correlate tax collection for business and industry. A thorough study and analysis of the large number of returns required from business and industry just about shocks one.

Business and industry are required to make returns it seems like most every day in the year for some type of tax—Federal, State, or local. A number of organizations have distributed tax calendars for Federal tax collections. I happen to have one of them here and it is interesting to note that during the month of January there are 4 days set aside for certain tax collections or reports that must be filed by industry. That is for Federal taxes. In addition to that they have the State and local taxes which in a number of instances increases this more than two or three times. In February we have 3 days, in March we have 9 days in which a busi-



nessman or employer must make some sort of return to the Federal Treasury for tax purposes; in April we have 4 days, May is a very small one, with only 1, according to this calendar; in June we have 4, in July we have 6; August is another good month with only 1; September 4, October 4, November 5, and December 7.

Mr. DONDERO. Will the gentleman yield?

Mr. CARLSON of Kansas. I yield to the gentleman from Michigan.

Mr. DONDERO. What is the total number of days on which industry must file tax returns out of the 365?

Mr. CARLSON of Kansas. I may say to the gentleman that I did not total these, but when I began to make a study of the burden that we have placed upon business and industry of this Nation in connection with the last few revenue acts I can see that the Congress will have to meet this issue sooner or later.

We must remember there are a number of forms that must be filled out, not only for Federal taxes but for State and local taxes. We have got to coordinate these. There are some suggestions I want to make and I recommend them to the Congress for study and trust they will have early consideration. These changes would materially aid simplification of withholding.

#### NECESSARY FILING-TIME CHANGES FOR SIMPLIFICATION OF WITHHOLDING

Several changes should be made in the requirements for filing certain tax returns with the Bureau of Internal Revenue.

First. Form W-2, employees' receipt: Time for delivering to employees should be changed from January 31 to February 15.

It is important to note that under H. R. 4646 it is proposed to make use of this receipt as the tax return of certain individuals. However, it is important that there be a specific provision in the law which prevents the issuance of regulations that may require the employer to give more than one copy of the receipt to the employee.

Second. Form W-1, employers' return of income tax withheld on wages; form W-2, duplicate employees' receipt; form W-3, reconciliation of quarterly returns: The time for filing form W-1 for the last quarter only, W-2—duplicate—and W-3, together with the date of payment of amounts withheld for the final month of the year, should be changed from January 31 to February 28.

#### REASONS

Time allowances under existing regulations are not sufficient because of—

First. Manpower shortage.

Second. Necessity of first securing salary stabilization approvals which often takes more than 30 days.

Third. Necessity of first securing War Labor Board approvals which often takes more than 30 days.

Fourth. Inability to secure accounting machines.

Fifth. Necessity for compiling social security and State unemployment insurance returns for all States in which a company operates.

Sixth. Necessity of taking year-end inventory at about the same time, in January.

Seventh. Closing of books and preparation of financial statements in January.

Eighth. Companies with many stores, offices, and branches widely dispersed over the Nation require more than 1 month's time to assemble returns.

Mr. JENKINS. Will the gentleman yield?

Mr. CARLSON of Kansas. I yield to the gentleman from Ohio.

Mr. JENKINS. I think the gentleman is discussing a very important phase of taxation. In reference to these declarations that we are called upon to make, they lay heavier upon the small businessman, the unprepared businessman, just as the gentleman indicated, the man who has not the auditors, who has not a vast number of office assistants. That is the man who suffers the most. May I say that the gentleman deserves a lot of credit for having been so anxious in advancing in the committee the proposition of moving the date up to January 15, because December 15 is a date just at the Christmas holidays when the little businessman is the busiest and many businessmen suffered because they did not make their declarations. I want to publicly thank the gentleman for his effort in that respect.

Mr. CARLSON of Kansas. I appreciate the gentleman's statement. I want to say something with reference to the filing of declarations that are mentioned in this bill. It is a great improvement over existing law.

Mr. DONDERO. In answer to what the gentleman from Ohio has said, it is my information that 200,000 small business concerns have vanished in this country in 12 months.

Mr. CARLSON of Kansas. I want to discuss the changed method of filing declarations in this bill. The filing of declarations was a new thing in the Revenue Act of 1942. We had not had any experience with it theretofore and we found that the December date is a most confusing date because the taxpayer had to estimate within a reasonable amount his taxes for the year and make a payment thereon or be subjected to a penalty. This bill moves the December 15 date up to January 15. In other words this last payment is after the first of the year and it is especially beneficial to the small businessmen, to those who are uncertain as to their income, and the farmers. No one needs to file a final estimated return now until January 15 or after the first of the year. Farmers need not file any estimated returns during the year unless they want to. If they file an estimated return on January 15 and pay two-thirds of their tax, that takes care of the tax liability for that past year or until the final payment, which must be made on March 15. If they want to they can pay their final and full tax liability for the previous year on January 15. The small businessman can do the same and any taxpayer, of course, can complete the filing of his return on the 15th day of January. If he needs additional time he has until

March 15 as under existing law. This is a great improvement and will eliminate a lot of confusion, dissatisfaction, and irritation with the present tax law.

Mr. Chairman, I am greatly pleased that our committee has reported this bill to the House. It is especially pleasing to me, as I introduced a bill earlier in the year, H. R. 4040, for the simplification of personal income-tax returns. This bill contained several provisions of the bill before us today.

My measure was based on the suggestions outlined in my January 3 statement, and is offered simply as a basis for discussion, and not with the idea that it is the last word on the subject. It would bring about the following salutary changes:

First. Provides for only one tax on personal incomes, with a single base and a single set of rates and exemptions, through merger of the Victory tax with the regular income tax.

Second. Eliminate the necessity of filing returns in the case of persons whose tax liability is substantially withheld at the source, but permit returns to be filed at the taxpayer's option. This would benefit 30,000,000 taxpayers and in general cover those who are not now required to file declaration of estimated tax.

Third. Permit the use of the short form of return by taxpayers with up to \$5,000 gross income. Limit is \$3,000 in present law.

Fourth. Bring about drastic simplification of both the short form and the long form of return.

Fifth. Give taxpayers until January 15 following the close of the taxable year in which to file an amended declaration of their estimated tax and thereby avoid penalty for any underestimate. This will eliminate the guessing contest in the present law which has resulted in so much irritation and confusion.

I want to discuss very briefly another matter that is going to be before the Congress. We have just started tax simplification. We have taken only the easiest part of it. We have dealt only with the personal-income tax. We still have corporation taxes to deal with. We also have estate and gift taxes and any one who has studied these various problems of taxation realize how complicated they are.

The expression that "Like Topsy, it just grew" certainly is applicable to our Federal tax structure. The complications of our Federal tax structure, with its resultant overlappings of State and local tax laws, demand immediate attention. One has only to study the complications of our present tax laws to convince himself of the correctness of this statement. The soundness of our tax policy and its effect on national welfare can legitimately be questioned. Groups and individuals are now urging Congress to clarify and simplify our national tax structure. Early this year, the Ways and Means Committee responded to the demand of our citizens who began clamoring for a simplified tax return. There is no doubt in my mind but what our early action on this legislation was the result of this popular demand. We have

dealt with one relatively small and simple aspect of the tax problem, namely, the personal-income tax. Despite the unanimity of purpose on the part of the committee, I think I am safe in stating that it was a most difficult job. My services on the committee lead me to believe that it would be practically impossible for our committee to devote sufficient time and thought to simplify our entire tax structure. Changes will be required in basic law before we can effectively correlate Federal, State, and local taxes.

First, our Nation should have a definite tax policy which will remain unchanged for a considerable length of time. Second, we should have a revision and rewriting of our complicated tax structure which would eliminate the thousands of cross-references. The time to act on this problem is now. Since January 1, a number of Members of the House have introduced bills providing for the establishment of a Federal tax commission or tax study group. On January 10 of this year, I introduced House Joint Resolution 211. This resolution declares the policy of the Congress in respect of internal-revenue legislation to simplify the Federal tax system; to establish a long-range, integrated tax policy for present and post-war needs; to raise the necessary revenue with the least possible burden on individuals and business enterprises and with the greatest possible incentive to capital investment; to base Federal taxes upon the principle of ability to pay insofar as possible to alleviate hardships and inequities in taxation; to reduce double taxation by coordinating the Federal tax system with those of State and local governments; to prevent tax evasion and avoidance; and to make such other changes as will generally improve the internal-revenue system.

The joint resolution contemplates that the commission to conduct the study will consist of 15 members, of whom 4 members—2 from each party—will be chosen from members of the Senate Finance Committee; 4 members—2 from each party—chosen from the Ways and Means Committee of the House; 7 members—of whom none shall hold any Government office and none shall be engaged in activities of any political party—representing, respectively, agriculture, labor, business and industry, taxpayers and consumers, tax accountants, tax lawyers, and tax economists. The commission would be obligated to make a report to the Congress not later than September 15, 1944, and all authority conferred by the resolution would terminate 1 year from the date of enactment.

If Congress does not deem it advisable to enact legislation authorizing the establishment of a Federal tax commission, then I believe they should adopt the suggestion offered by our colleague, the gentleman from Minnesota [Mr. KNOTSON]. The gentleman from Minnesota, Congressman KNOTSON, introduced House Joint Resolution 233, which authorizes and directs the Joint Congressional Committee on Internal Revenue taxation to appoint an advisory council, the council membership to be selected from agricul-

ture, labor, business, industry, individual taxpayers, consumers, tax accountants, tax lawyers, tax economists, and other activities having a direct interest in or practical experience with tax laws and their administration. This temporary advisory council would be appointed by the chairman of the joint congressional committee, of which the distinguished Senator from Georgia [Mr. GEORGE] is chairman. This council would serve in conjunction with the present joint staff, which is now assisting the Senate Finance Committee and the Ways and Means Committee. We have an excellent staff, headed by Colin Stam, but I think it would be helpful to the committees and the joint staff to bring in men who have daily contacts with these problems in the business field. The adoption of either of these resolutions would serve as a first necessary step toward the accomplishment of a much-needed income-tax reform.

The American Institute of Accountants are enthusiastically endorsing these proposals.

Mr. BATES of Massachusetts. Will the gentleman yield?

Mr. CARLSON of Kansas. I yield to the gentleman from Massachusetts.

Mr. BATES of Massachusetts. In this simplification bill is there any adjusted rate that shifts the burden, as the gentleman suggests might happen in the pending tax bill?

Mr. CARLSON of Kansas. Of course, when you start simplifying taxes you take away some of the relief provisions. In the Revenue Act of 1933 we removed the earned-income credit. That was an additional direct charge on an individual's taxes.

Mr. BATES of Massachusetts. Would the gentleman say the bill as reported by the Committee on Ways and Means will not mean a substantial increase in the taxes to be paid by the taxpayers of the country as compared with the present law?

Mr. CARLSON of Kansas. The joint staff committee tells us this bill will produce \$60,000,000 less in revenue than under existing law but there will be a shift of tax burdens among individual taxpayers.

Mr. BATES of Massachusetts. Will that be reflected in any substantial increase for any segment of taxpayers?

Mr. CARLSON of Kansas. Well, that depends upon what the gentleman calls substantial. There are some shifts. I have the burden table here, for instance. I might mention in passing that single persons and married persons with no dependents are the ones who generally receive the increases, not in all cases, but generally speaking. A married man with no dependents and an income of \$1,200, has a present tax of \$21, and under the present proposal it will be \$61. I do not know whether the gentleman calls that a substantial increase or not.

Mr. BATES of Massachusetts. What about the people, say, in the middle-income brackets from \$3,000 up to seven, eight, and nine thousand, or thereabouts? The greatest burden is placed on the so-called middle classes who are living on a certain economic basis, who

find it quite difficult to meet their obligations, send their children to school, and to carry even the mortgages on the homes and properties that they had prepared for, say, when they acquired these homes.

Mr. CARLSON of Kansas. The staff of the joint committee has prepared a table which I have here, and I am going to insert it in the Record. The gentleman mentioned \$3,000. This table is on a weekly wage rate, and at \$60 per week the present rate of withholding for a single person is \$10.60. Under the bill before the House today the withholding for a single person will be \$10.60; no change. The present law for a married person is \$8.20 per week. Under this bill it will be \$8.50 per week. The present law for a married person with two dependents is \$5.80 per week. Under this bill it is \$4.60 per week.

Comparison of withholding rates under present law with H. R. 4646

Weekly wage	Single person		Married person			
			No dependents		2 dependents	
	Present law	H. R. 4646	Present law	H. R. 4646	Present law	H. R. 4646
\$15.....	\$1.10	\$1.00	\$0.20	\$0.10	\$0.20	\$0.10
\$20.....	2.10	2.00	.30	.30	.30	.30
\$25.....	3.10	3.10	.70	1.10	.50	.40
\$30.....	4.60	4.10	2.20	2.20	.70	.50
\$40.....	6.60	6.20	4.20	4.20	1.80	.80
\$50.....	8.60	8.20	6.20	6.30	3.80	2.50
\$60.....	10.60	10.60	8.20	8.50	5.80	4.60
\$70.....	12.60	12.80	10.20	10.70	7.80	6.70
\$80.....	14.60	15.10	12.20	12.90	9.80	8.80
\$90.....	16.60	17.30	14.20	15.20	11.80	11.00
\$100.....	18.60	19.90	16.20	17.80	13.80	13.50
\$110.....	20.60	22.10	18.20	20.00	15.80	15.80
\$120.....	22.60	24.40	20.20	22.30	17.80	18.00
\$130.....	24.60	26.60	22.20	24.50	19.80	20.30
\$140.....	26.60	28.90	24.20	26.80	21.80	22.50
\$150.....	28.60	31.70	26.20	29.60	23.80	25.40
\$160.....	30.60	34.00	28.20	31.80	25.80	27.60
\$170.....	32.60	36.20	30.20	34.10	27.80	29.90
\$180.....	34.60	38.50	32.20	36.30	29.80	32.10
\$190.....	36.60	40.70	34.20	38.60	31.80	34.40

Source: Staff of Joint Committee on Internal Revenue Taxation, May 4, 1944.

Mr. MILLS. Mr. Chairman, will the gentleman yield?

Mr. CARLSON of Kansas. I yield to the gentleman from Arkansas.

Mr. MILLS. Permit me to call to the attention of the gentleman from Massachusetts [Mr. BATES], pages 8, 9, and 10, and so on, over to page 17 of the committee report. He will find there on those pages tables which point out the difference in the tax burden between the Revenue Act of 1943 and the committee bill as we propose it.

Mr. WHITTINGTON. Mr. Chairman, will the gentleman yield?

Mr. CARLSON of Kansas. I yield to the gentleman from Mississippi.

Mr. WHITTINGTON. With respect to those tables, and in further respect to the inquiry of the gentleman from Massachusetts, it is true, for instance, as disclosed in table 7 on page 14 of the committee report, that this bill does provide an increase in the incomes of all married persons with no dependents, with incomes between \$525 and \$1,000,000. Without exception, there is an increase as disclosed by this table.

Mr. CARLSON of Kansas. That is correct.



Mr. WHITTINGTON. But in that connection, while I regret that increase, it is fair to say that that increase is a comparison between this bill and the Revenue Act of 1943, on which act we will never pay any taxes, because that tax would be superseded by this bill, which will make the comparison between 1942 and this bill rather than this bill and the 1943 act.

The CHAIRMAN. The time of the gentleman from Kansas has expired.

Mr. KNUTSON. Mr. Chairman, I yield to the gentleman from Kansas [Mr. CARLSON] 5 additional minutes.

Mr. CARLSON of Kansas. The gentleman from Mississippi is absolutely correct. It is a little ironical that despite all the fuss and contention we had with the Revenue Act of 1943, this act completely supersedes that, and as far as the personal-income taxes are concerned, it never will be in effect.

Mr. WHITTINGTON. I think the gentleman and the other members of the committee ought to be congratulated on the date of January 15, but in that respect let me ask the gentleman this question: Assuming that a taxpayer whose income in previous years has been substantially two-thirds or more from farming suffers a disaster such as now obtains in your area and the Missouri Valley so that his agricultural income may be absolutely destroyed, and he is following that procedure and not filing a return, will he be penalized?

Mr. CARLSON of Kansas. No.

Mr. WHITTINGTON. What if it develops he has no agricultural income, whereas heretofore he has had two-thirds of his income from agriculture?

Mr. CARLSON of Kansas. I certainly would think not, because it is not the intention of this committee and it is not the intention of this Congress to penalize anyone who can show that through disaster of some type, especially in agricultural areas, he had no income when he estimated two-thirds or more from farming.

Mr. WHITTINGTON. And the fair basis for that estimate would be his income for previous years?

Mr. CARLSON of Kansas. Yes.

Mr. WHITTINGTON. Surely no income-tax collector would penalize him for failing to have an income the previous year.

Mr. KNUTSON. He has until the 15th of March to make a final return if he wishes to.

Mr. WHITTINGTON. I grant you that; what I had in mind was penalizing him for failing to file an estimated return if it developed that two-thirds of his income was not from agriculture.

Mr. KNUTSON. We threw all the safeguards around agriculture that we could.

Mr. WHITTINGTON. I wanted to make assurance doubly sure.

Mr. CARLSON of Kansas. Every effort was made to clarify some of these very controversial problems and some that were very irritating to the taxpayer in this last year.

Last year, the year 1943, in which we filed final returns on March 15, 1944, the

returns were very complicated. We had this transition from a year's liability to a current tax system. But more than that, we had the Victory tax, and that is one tax that did add a large number of these complications. Therefore, I feel that our committee has done the best it could under the circumstances. As time goes by and there is an opportunity to further simplify the taxes, I think we can do it by increasing the exemptions without greatly changing the tax structure, and I hope we have adopted a program here that may be continued for years with changes as to deductions and exemptions only.

Mr. CHURCH. Mr. Chairman, will the gentleman yield?

Mr. CARLSON of Kansas. I yield to the gentleman from Illinois.

Mr. CHURCH. Will the gentleman not admit that you have added to the burdens of the businessman now when he takes care of this paper work and, therefore, due to shortage of manpower now, should not your committee, without waiting a year, but now, cut down that manpower by simplifying the tax filing and these papers and other things necessary that these businessmen are called upon to file?

Mr. CARLSON of Kansas. I will say to the gentleman from Illinois [Mr. CHURCH] that earlier in my discussion I went into that quite at length in regard to the increased number of returns.

Mr. CHURCH. I thought you said it might be a whole year before you reached that point, and therefore I want to urge upon your committee that you would save the manpower of this Nation if you could get at that simplification for businessmen sooner than a year from now.

Mr. CARLSON of Kansas. I am in accord with the gentleman, but I realize what a large job it is to get into some of these problems and how difficult they are to work out. I would not want anyone to get too optimistic about getting an immediate change of the law. It is something that we will have to do, and the sooner we do it the better it will be for the taxpayer and the country as a whole. As a matter of fact, we want to get our tax structure and our tax returns on a basis so that it will not be an unbearable burden on business and industry.

The CHAIRMAN. The time of the gentleman from Kansas has expired.

Mr. KNUTSON. Mr. Chairman, I yield 10 minutes to the gentleman from Pennsylvania [Mr. SCOTT].

Mr. SCOTT. Mr. Chairman, I ask unanimous consent to proceed out of order.

The CHAIRMAN. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

Mr. SCOTT. Mr. Chairman, we have heard a great deal recently about the Bill of Rights. We, who come from the city of Philadelphia have been for a long time concerned over a continuing process whereby it would appear that the activities of the Federal Government have had the effect of putting more and more government into Philadelphia and taking

more and more business out of it. For example, we have had the S. E. C. sent up there. That makes more Government agencies in the city and we are glad to be their host. But at the same time they took away from us all of our airport facilities. We have had some recent examples of that to which I wish to return.

Mr. KEOGH. Mr. Chairman, will the gentleman yield?

Mr. SCOTT. I yield to the gentleman from New York.

Mr. KEOGH. If the gentleman would be good enough to cooperate with me, we would like to get the Securities and Exchange Commission in New York City, where it belongs.

Mr. SCOTT. If the gentleman could give us some real honest-to-god working business organization to contribute prosperity to the city, I think we might be able to make a trade.

We have so much government, and we are losing so much business, that I am very much afraid if the process keeps up, the third city in the Nation will be converted into a way station or tank town, and I am most anxious that that shall not happen.

I spoke of the Bill of Rights. What Philadelphia has to complain of is a veritable "bill of wrongs." I am going to recite some of the items of our bill of wrongs. I do not know whether it is because we are the only one of the large cities in the Nation which does not have what I might call an affinity with the present administration or not. I do not know whether it is because Philadelphia is a Republican city, enduring as best it may the "slings and arrows of outrageous fate" which have borne down upon the country in general and upon Philadelphia in particular. But I do know we are feeling the pinch. I am going to tell you some of the things that have happened to Philadelphia.

In the first place, since early in December of 1943, Philadelphia is the only city I know of in the country of any substantial size which does not have an airport or air facilities. No air mail comes into Philadelphia, with the exception of one very small line operating an inadequate emergency temporary service. No passengers come into Philadelphia by air. No air parcel post and no air-cargo service comes into Philadelphia. No direct connection is made at Philadelphia for air service. We did have remote connection with the city of Allentown, but then it seems that the planes came into Allentown and scared the farmers' chickens, and they got an injunction in the local courts, and now we do not even have the plane-service connection with Allentown, so that we have to go to Newark or Washington or Harrisburg to make any plane connections.

The greatest disadvantage of this absence of air-mail, air-cargo, and air-passenger facilities has been to the war plants of Philadelphia. We have been put to very great disadvantage in the transfer of materials and personnel required in the war effort. We have been put to great disadvantage in bringing into Philadelphia precision parts on very

important contracts, and in bringing in binders on insurance policies essential in war-contract transactions, and we have a great insurance business, but particularly we have suffered as to the precision parts and essential materials needed in a hurry. We are unable to get these parts, which come from Detroit or some other city, and which we need, and which if we do not get promptly will hold up an entire assembly line or an entire factory.

Mr. HOFFMAN. Mr. Chairman, will the gentleman yield?

Mr. SCOTT. I yield to the gentleman from Michigan.

Mr. HOFFMAN. Did the gentleman ever stop to think that perhaps it was because Philadelphia was such a typically American city, and that there the Government had some of its foundations and many things that reminded people of Americanism, and that this administration did not want anyone to become contaminated?

Mr. SCOTT. As to its being an American city, I agree heartily with the gentleman. As a matter of fact, we tried to get a little shelter for the Liberty Bell, but when the Republicans introduced it we could not get it. One day, about a year later, some of my colleagues on the other side of the aisle came in to get a shelter for the Liberty Bell and had their pictures taken with a priority from the administration down here. With great fanfare it was announced that the Liberty Bell at last was going to have an air-raid shelter. We have not got it yet, but they got their pictures in the paper.

Mr. KNUTSON. Mr. Chairman, will the gentleman yield?

Mr. SCOTT. I yield to the gentleman from Minnesota.

Mr. KNUTSON. Carrying one step further the thought expressed by the gentleman from Michigan, is it not just possible that the administration is prejudiced against Philadelphia because it happens to be the home of the Attorney General?

Mr. SCOTT. That is an interesting thought. Perhaps I shall have something to say tomorrow on the rise and fall of Philadelphia lawyers, one of whom I have had the privilege of being for the past 22 years. I think that tomorrow I may like to talk about Mr. Biddle and what he has done to the good name of Philadelphia lawyers. But for the moment let me tell you that since the early part of December I have not been able to find out who is responsible for closing that airport. Neither have the other Members of the congressional delegation, as far as I know, and neither has the mayor of Philadelphia nor the director of public works, both of whom have worked very zealously, indeed, to try to get that airport restored.

When I go to the Civil Aeronautics Board—and I want to say that they have given us a great deal of courtesy and a great deal of very earnest cooperation—I, nevertheless, cannot find out who is holding it up. When I go to the Interdepartmental Air Traffic Control Board, I cannot find out who is holding it up. When I go to the War Department, I cannot find out who is holding it up,

although I suspect some. When I go to the Navy Department, they say—and I think properly—that it is primarily a War Department matter.

It is my conviction and the conviction of most of the people with whom I have talked in Philadelphia and Washington that there is no reason whatever why airport service should not be restored at the municipal airport in Philadelphia and why that service should not be restored promptly, without pussyfooting excuses, alibis, and delays, and a general break-down of the administrative procedure, all of which have deprived the people of Philadelphia of these very much needed airport facilities.

We have had meetings. They are having a meeting on it today, and they had one yesterday. I do not know how many meetings they have had. They have held test flights. I know what the hazard is which has delayed the operation of this airport. I have seen it from the air and on the ground. But I must say that all the Government agencies concerned with this matter appear to have been more in the air than on the ground through all these proceedings. But, air or ground, I cannot see why, under proper regulations issued by the Civil Aeronautics Board, we should not have an airport.

That is No. 1 on our "bill of wrongs."

Another is the loss of our shipping facilities. It is probably your impression that Philadelphia today is a great shipping center. I say to you that, aside from certain lend-lease Government shipping, certain shipping to our allies, and certain military shipping, we today have no shipping lines to any country in the world except Spain, Portugal, and Switzerland. Yes, Switzerland, which gets certain things from Philadelphia by way of Portugal. This is a city which once had air-line connections with all of the nations and all of the principal ports of the world. Today our shipping lines have been transferred to territory which, I might say, has an affinity with the administration, territory where the vote, perhaps, goes a little bit more favorably, territory where there is need to help and not to punish.

I may add that one of our great shipping lines, the West African Line, was taken down South and has been kept down there. It was removed there under the device or perhaps for the sound reason that the submarine menace at that time required the transfer of that shipping line. It has never come back, and I have been unable to get any assurance from anybody that it is coming back, except a vague, general promise that after the war they hope to restore all the shipping services.

That is only one story. We have lost other shipping to New Orleans. We have lost it to other ports around the country. We do not envy our sister cities' good luck. We hope they will be very busy after the war. But we do wonder why the discrimination against Philadelphia and why we have lost the shipping facilities in a city which ever since its founding by William Penn has been known as a seaport city, one of whose principal industries has been its shipping.

Then again, another item which I think I should like to add to our "bill of wrongs" has been the consistent discrimination in rail rate territory which has resulted through various rulings and regulations, so that today it is more profitable for shippers in territories adjacent to Philadelphia to ship through New York or Baltimore, thus operating to the disadvantage of Philadelphia.

The CHAIRMAN. The time of the gentleman from Pennsylvania has expired.

Mr. KNUTSON. Mr. Chairman, I yield 5 additional minutes to the gentleman from Pennsylvania.

Mr. SCOTT. We in Philadelphia suffer from this rail rate and territorial discrimination on the rail travel. In addition, we recently had to sustain at the hands of this House certain restrictions upon our municipal income. I hope that when the other body gets a chance at that particular measure it will undo the wrong which has been done and will see that Philadelphia retains the right to receive the municipal income to which it is entitled and which it needs in order to carry on the municipal government. I notice that no administration measure ever takes a whack at the municipal income of New York or Chicago.

In addition to which I am informed that we may lose the Naval Home of Philadelphia, located at Twenty-fourth and Fitzwater Streets, which has been there for more than 100 years. With the establishment of veterans' facilities in various other parts of the country, I should like to know why the city of Philadelphia should be deprived of this home, which has been there for more than 100 years, for aged seamen of other wars as well as prospectively for seamen of this war?

Mr. TIBBOTT. Mr. Chairman, will the gentleman yield?

Mr. SCOTT. Yes; I will be glad to yield.

Mr. TIBBOTT. In fairness to the statement of the gentlemen, the recent naval appropriation bill, I am informed by the clerk of the committee, appropriated \$328,900 for the United States Naval Home in Philadelphia. However, there was a reduced item of \$39,900 for repairs and alterations and alteration projects for the present only. That can be found in the hearings at page 204.

Mr. SCOTT. I am very glad to have the gentleman's information. I would like to add that I requested him to get up-to-date information for me, and I appreciate very much that he did. It is my understanding that they plan to close the home at the end of the fiscal year included in the appropriation referred to.

In addition to these items in our bill of wrongs, I would like to mention a bill of my colleague the gentleman from Pennsylvania [Mr. GALLAGHER], whose district is in Philadelphia, for the improvement of the grounds and area around Independence Hall, in his district. It has been suggested to me that it is unfortunate for Independence Hall and for the city of Philadelphia that one of my colleagues on the Republican side of the aisle introduced this bill for the im-



provement and for the setting up of a mall and landscaping around Independence Hall. I am told it would have been better and that its prospects of success would have been increased had it been introduced by some of our brethren on the other side of the aisle. I hope that is not so. But I can only say the bill has not come out of the committee, and nothing has been done about the bill of the gentleman from Pennsylvania [Mr. GALLAGHER]; and the proposal as to Independence Hall sleeps as soundly as I sometimes suspect the cause of liberty now sleeps along some sections of Pennsylvania Avenue.

The most recent outrage to which our city has been subjected, and this one I believe to be entirely political, has been the removal or the contemplated removal within the month of a plant for the installation of certain mobile units in Army trucks. We have 1,500 skilled workmen in Philadelphia who were working on the equipping of mobile units for Army trucks. That number has been reduced recently to 800. We are now advised that this industry is to be removed from Philadelphia on the ground that it is not needed. But we learn at the same time that they remove this industry from Philadelphia they plan to open an identical unit making the same equipment for Navy and Coast Guard in what I may call a politically doubtful border State, where, so far as we know, none of the skilled workmen are available who can do the same work on which Philadelphia workmen are being thrown out of employment. Why is this mobile unit to be shut up in Philadelphia, while a similar one is being opened up in this border State, in spite of the existence of projects for more than 4,000 of these mobile units which cannot be filled in Philadelphia if you close the Philadelphia plant?

Well, it is being closed up so that you can get the business out of Philadelphia and bring some more Government in. They plan to enlarge the post office in Philadelphia and take on about 3,500 or 4,000 additional employees, all of whom will be political and all of whom will be brought in here just before the elections in November and all of whom are expected to be duly grateful to their benefactors, the Post Office Department, which as you know and agree, is as truly political as any department in the Government today. The plan to install an overseas mail unit is supposedly to speed delivery of mail and parcels overseas. It is reported that the cost will be about \$800,000.

It is ironical that they expect faster delivery by removing this unit farther away from points of embarkation to the only city which lacks air-mail facilities for bringing the mail and parcels in and getting them out. And this at a cost of \$800,000, when they cannot manage to find even \$200,000 to finish an airport for us, after spending \$1,900,000, and leaving it partially finished.

Verily, the Government moves in a mysterious way its blunders to perform.

The CHAIRMAN. The time of the gentleman has expired.

Mr. DOUGHTON. Mr. Chairman, I yield such time as he may desire to the gentleman from Michigan [Mr. DINGELL].

Mr. DINGELL. Mr. Chairman, I am not disposed to discuss the bill, though I do want to say for the benefit of the Members, that the bill under consideration is the result of a very arduous effort on the part of the membership, has considerable merit, and is the best that could be accomplished under pressing circumstances. I want to stress for the membership of the Committee of the Whole what I have repeated time and again in the Committee on Ways and Means, that you cannot simplify the tax form; in other words, the return blank without materially modifying the basic law. Our income-tax laws are the result of a cumulative demand of our people as reflected by the membership of this House over a long period of time. In response to these demands we have made a lot of indentations, niches, notches, clichés, ruts, and grooves and other indentations, so to speak, to exclude or to relieve or to exempt certain classes of taxpayers under certain circumstances. To simplify the return to the maximum possible extent you would have to alter very materially the existing cumulative tax law which has been built up over a period of many years. I think it is timely for me to say now, too, and I say it without rancor, although I was not for it at any time, that one of the things that added so much complication and so many additional returns and so many reports and estimates, was that provision which the majority in this House voted for. That is the recent "pay-as-you-go" forgiveness bill. And in due time, when forgiveness reaches full flower, and when the concessions under the law run their course our tax-return form will adjust itself automatically, simplifications will follow as the result of the natural adjustment to the new law. When the 2-year period during which time you pay 12½ percent per annum of the 25 percent of the tax which was not forgiven will have elapsed that will add further simplifications. So with that, plus the effort of the committee, at this time I think we have arrived at that point where the tax law has been simplified about as much as possible without now going into the actual laws which exist on the statute books and altering them from top to bottom. Even in the consideration of the limited bill of simplification which is now presented, we found it necessary in order to attain the objective to make slight concessions to the taxpayers in some brackets and to make corresponding upward adjustments in other brackets. This had to be done in order that there be no loss in the total revenue of the Treasury; we had no choice but to make corresponding slight adjustments in certain brackets. To date there has been no opposition to the bill. The committee is unanimous in its support and I look for an almost unanimous approval on the part of the House. I think all in all a fairly good job was done, and, if there is to be any further demand for simplification, then you will have to agree to a material alteration of exist-

ing law and if you want a real basic-tax simplification, you are going to have to abolish all exemptions and all concessions provided for in the existing statutes.

I do not think this House will ever go to that extent. So we are going to have to be satisfied with this. Extreme demands for simplification will force some scheme of taxation, such as is commonly known as the gross income tax, with no exemptions or concessions with a schedule of simple percentage taxes to bring in about the same amount of revenue. I am not advocating that because I believe we ought to make some exceptions and exemptions for certain classes of taxpayers, as, for instance, the man with the large family.

I am happy in the fact that we have at long last made provision to give increased and permanent exemptions for dependents, regardless of their age, that is, under certain circumstances. Many worthy taxpayers have been carrying a burden for years from which they now can expect some relief.

I do not believe the bill needs any defense at my hands and I am not going to impose on the membership of the committee any further in my discussion. I hope that the expression of the Committee of the Whole House will be such that we may get well nigh a unanimous vote for this simplification. There is nothing partisan in it. As I said before, it has the unanimous approval of both the majority and the minority. It is a composite bill. It is the joint effort, the cooperative effort of the entire committee, and I think it deserves the support of the House as it already has received the commendation and support of the press throughout the Nation.

Mr. JENKINS. Mr. Chairman, I yield 15 minutes to the gentleman from California [Mr. GEARHART].

Mr. GEARHART. Mr. Chairman, if there is anyone in this convocation who is laboring under the notion that the enactment of the bill we now have under consideration will bring about perfection in simplification, he is simply sucking at an opium pipe, indulging a very beautiful dream.

As one who did not vote for the previous tax bills, the ones which brought about all this confusion and these complications, against which the people protest so earnestly, I occupy the comfortable position of one who is under no obligation to rush to the defense of the legislation under consideration. To me it is no lifesaver. Under the circumstances it would seem that I can in good grace speak quite frankly, perhaps, in a critical vein. At least I have no reason for whistling in the dark, so to speak.

I am going to vote for this bill because it does contain some very good features. Despite what I have said, the bill is not all bad. While it does point toward simplification, it does, however, fall far short of that which the people had hoped for. But all this notwithstanding, the bill will serve its intended purpose. As I contemplate the ridiculous position the Rumlites have got us into, I am reminded of these delayed-action bombs that we

read about, those bombs that are being dropped on the enemy, and in some instances, by the enemy upon us. This bill might be referred to as the delayed-disillusionment bill. It will delay the disillusionment of the people until after a certain very important date has rolled by—November 7, I think it is.

After the election and when the people get around to figuring out their income tax for 1945 they will find that much of the simplification which has been referred to in this debate with such enthusiasm was more or less synthetic. Then when they contemplate how valiant was the Ways and Means Committee effort to simplify that which is essentially a very complicated tax muddle, and for the first time are made to realize how far short of the target their mighty shells have fallen, some unsympathetic soul is bound to rise up and say something about love's labor lost.

There are certain fundamental reasons why no bill, this bill or any other, just cannot make our badly muddled tax system simple. Things that are essentially complicated do not lend themselves to simplification. So despite all of the presumptions that are being indulged in, despite all of the fancy formulas that have been devised, in the end we are going to find old John Doe Taxpayer right back where he started from—making out complicated tax returns unless he is willing to subject himself to being overcharged, "robbed," as the old saying goes.

One of the difficulties, one of the obstacles to simplification, arises out of this so-called standard deduction which is made available to those persons who have an income not exceeding \$5,000 a year. That standard deduction is the result of a review of all the tax returns back through the years, from which an average has been struck. They have found out that the average deduction, deductions made by people of this classification, is something less than 10 percent of their total income. So, if you are willing to accept an average deduction, use that instead of your actual deductions, then, of course, you can avoid the necessity of filing an income-tax return. But since it is an average, half of the people whom it affects are benefited and half of the people whom it affects are compelled to suffer a detriment. That is the way you arrive at averages. You take the higher figures and the lower figures and add them together and divide by the number of figures that you added, and that gives you the average.

That average of less than 10 percent can be broken down, and when broken down it reveals that in building up an average of 10 percent, there was included therein an average of  $2\frac{1}{2}$  percent which represents donations to church, charities, and educational institutions;  $2\frac{1}{2}$  percent, or something like that, which represents the deduction which is allowed for interest paid on debts; another 4 or 5 percent is the deduction which is allowed for taxes paid to other taxing bodies.

If a man is willing to accept those break-downs you can depend upon it as

a certainty, he is on the undergroup that is benefited. He is on the underside of the average. He is the man who did not donate a nickel to a church or charity or educational institutions, but he will nevertheless want to grab the deduction of  $2\frac{1}{2}$  percent. He is the man who did not pay a nickel in the form of other taxes to any other taxing agencies but he will be on the gravy wagon, never fear. He takes all the deductions that are not nailed down—and, why should he not? The law allows them.

Just think of it. Under this proposal, this presumptive deduction, atheists who hate the church, who do not believe in God, who despise everything the church is doing, are going to be given credit for having donated to churches to the extent of  $2\frac{1}{2}$  percent of their total income.

On the other hand, the God-fearing man, the man who loves his church, who finds great satisfaction in supporting religion, who probably donates 10 or 15 percent of his total income will only be allowed to take the same deduction which the donation-withholding atheist will get. How about the tither, the man who gives to his church 10 percent of his total income? Are you going to give him credit for his tithe? Not at all; he is knocked down to the  $2\frac{1}{2}$  percent you force upon the atheist, the man who despises all that sort of thing. This is the ridiculous situation the bill would create: When a man does in fact pay out more than the 10 percent allowed under the standard deductions, when a man does in fact pay more than the percentage allowed in interest on debts, than that which is allowed for church or charity or educational institutions than is allowed he is going to have to disregard his so-called standard deduction and file a detailed report in order to get the benefit of the actual deductions to which he is in justice entitled.

Do you not see therefore how this is going to work out? It means that 15,000,000 people in the United States will get the benefit of 10 percent of deductions to which they are not entitled, and that the other 15,000,000 who are actually entitled to more, if they do not use this standard deduction, are going to be cut down to 10 percent although the deductions to which they are entitled greatly exceed 10 percent. The result of it is that the something-for-nothing boys will take the 10 percent allowed for deductions but the rest are going to have to file returns the same as they used to.

So let us hear no more about 30,000,000 taxpayers being relieved of the necessity of filing income-tax returns. That may be a good statement to make until after the election is over next November, but when they get around to January 15, when they start figuring out their income-tax returns for 1945 the people are going to suddenly discover—15,000,000 of that 30,000,000—that they have been cheated by this fancy scheme and to avoid that loss they are going to have to come in just as they use to in the old days and file a detailed income-tax return.

Mr. ROWE. Mr. Chairman, will the gentleman yield?

Mr. GEARHART. I yield.

Mr. ROWE. Has there been any attempt to break down the average to ascertain what proportion of the 30,000,000 is above and what proportion is below the 10 percent as the general average?

Mr. GEARHART. It hits right square in the middle. It is an average calculation.

Mr. ROWE. Not necessarily.

Mr. GEARHART. It might not average the number of taxpayers exactly in two equal groups but the average deductions would hit square in the middle. Is that not true?

Mr. ROWE. I would agree with the gentleman's assumption as a premise for an argument, but I was wondering if an attempt had been made to ascertain what the actual proportions were.

Mr. GEARHART. I doubt if that can be ascertained accurately for the reason that we do not know how many people are actually donating to charities nor the rate; we do not know how many people are donating to educational institutions nor the rate; so we can only approximate that.

Mr. HANCOCK. Mr. Chairman, will the gentleman yield?

Mr. GEARHART. I yield to the gentleman from New York.

Mr. HANCOCK. The result would be less revenue for the Treasury and fewer gifts to charity.

Mr. GEARHART. There is no doubt about it, there certainly will be less revenue to the Treasury because half the taxpayers in round figures will be granted deductions in excess of that which they are morally or actually entitled to.

Mr. KNUTSON. Mr. Chairman, will the gentleman yield?

Mr. GEARHART. I yield.

Mr. KNUTSON. I believe the Treasury figures show that the average of contributions is about 8 percent. We are giving them 10 percent in this bill; that is an addition of 2 percent for the average taxpayer.

Mr. GEARHART. I may be in error, but I think the gentleman from Minnesota is the one in error. This 10 percent is not made up of charitable deductions alone but includes also taxes paid to other agencies and interest paid on debts.

Mr. KNUTSON. I did not specify; I said that deductions would average about 8 percent according to the figures which were submitted to the committee.

Mr. GEARHART. I was given to understand by our own expert, in whom I have a very profound confidence, that the 10 percent can be broken down and was broken down, and that it represents about  $3\frac{1}{2}$  percent for charitable donations,  $3\frac{1}{2}$  percent for something else, and 3 or 4 percent for a third element. It represents, using the opposite approach, a build-up to a little less than 10 percent, but we have allowed the full 10 percent in order to indulge in round figures.

The other thing to which I wish to advert before I leave this floor is the so-called declarations. I have made the statement many times heretofore and I think it is well worth repeating here.



that you cannot make a pay-as-you-go-before-you-know-what-you-owe system work simply. When Mr. Ruml convinced the country that we needed this pay-as-you-go system he compelled us to give up a system which was based upon pay as you go when you know what you owe.

In order to get ourselves in a current basis which everybody thought was so essential we had to go on this new basis of paying as we go before we know what we owe. Out of this arises all the complications with which we are struggling today and which will never be wiped out until we do one more thing, a thing about which I regret even the necessity of giving thought to, and that is, skipping another year so that we can go back to that time-honored system that has worked so well in the past of pay as you go when you know what you owe.

[Here the gavel fell.]

The CHAIRMAN. The time of the gentleman from California has expired.

Mr. DOUGHTON. Mr. Chairman, I yield 15 minutes to the gentleman from New York [Mr. KEOGH].

Mr. KEOGH. Mr. Chairman, I appreciate that it is with a degree of presumption that one not a member of the great Committee on Ways and Means should undertake to address this Committee. I am impelled to do so, however, for a number of reasons. First, however, I wish to pay my compliments to that committee for the type of bill it has reported out now and which is pending before us, as well as the types of bills that have been reported out since 1939. Any person in any way conscious of the difficulties of legislative drafting knows what an improvement it has been to have enacted into law the Internal Revenue Code around and within which all future revenue acts may be drafted. Further, when one contemplates that the average revenue bill is a finely balanced mechanism, one can more readily understand why such bills should come to this floor under "closed" rules. I dare say there may be some mental reservation however with respect to the necessity for a closed rule on a bill of this type, procedural as it principally is. However, since we are considering it under such a resolution and since no amendment is possible except those offered by the committee, I must take this time to submit to the Committee on Ways and Means and to this Committee of the Whole an amendment which I think should properly be included in any bill designed to simplify our income-tax structure. The amendment I would propose is one that would add the following language at the end of subparagraph (B) of paragraph 2 of subdivision (b) of section 22:

Notwithstanding the foregoing provisions of this paragraph, there shall be excluded from the gross income the first \$1,020 in the aggregate for each year of all retirement pension annuity payments included but not limited to payment under the old age survivors insurance law received during the taxable year by a retired employee.

Mr. Chairman, I am therefore impelled to take this time to plead with you the cause of the superannuated employee retired after long and faithful service

under a retirement system to which he and his employer, whether the employer be a private company, State, or municipality, contributes. Those are the forgotten people in this so-called simplified procedure.

In order that I may be a bit specific let me, if I may be permitted, confine my remarks to the situation in which the retired civil-service employee of the city of New York finds himself. As of March 1944, there were 35,203 such employees, of which upward of 34,000 received \$2,500 a year or less. Up to the enactment of the Public Salary Act the annuity received by a retired employee was not subject to the income tax. Subsequent to the enactment of that Public Salary Act the Internal Revenue Bureau, with some doubt, in my mind at least, as to their power to do so, ruled that the annuities received by such employees were subject to taxation.

Where does that leave that group today and where will they be left after the enactment of this bill? They are not subject to the withholding tax provisions of the revenue act as it now stands or as it will stand, so they cannot file the W-2 form. They must file at least the Form 1040. How do they compute their tax? They must figure through which one of three periods of their retired life they are passing.

The first is that period during which their annuity represents a return of their personal contribution and during that period under the present law those payments received by them are exempt, except that in their gross income they must include an arbitrary figure computed at 3 percent of the gross amount of their contributions. The second phase of their retired life is that period from the time they have received their personal contribution to the end of what was their life expectancy when they retired. During that period the Internal Revenue Bureau, in my opinion, arbitrarily, imposes upon them a tax and the least amount of tax that is imposed is 22 percent. The third period of a retired employee's retired life is that period which he survives beyond his expected life expectancy and there are about 50 percent of those who retire who live beyond their expectancy as of the date of retirement. During that period they are receiving by way of annuity the sums that have been accumulated as a result of the prior death of the other 50 percent and during that period, too, they are presently subjected to taxation. Why should that be so?

It is admitted by everybody that pensions are an integral part of our social-insurance program. We have recognized in our laws that payments in the nature of social insurance should be and are expressly exempt from income taxation. We have specifically provided in our social-security law that the old-age payments received by annuitants up to the maximum of \$85 a month or \$1,020 a year are exempt from income taxation. The Railroad Retirement Act specifically provides that the pensions received by employees under the provisions of that act are exempt from taxation. We have provided further that the pay of retired

Regular Army officers who have retired as a result of disability shall not be subject to income taxation. We have provided further that lump-sum payments to beneficiaries of insurance under the Social Security Act will be exempt from taxation. Payments made to soldiers' widows, workmen's compensation awards, and insurance benefits are also exempt under existing law.

We have done that, yet we are today forgetting that increasing number of people who after many years of long and faithful service to their employers must be subject to taxation.

In the city of New York, the average pension received by a retired employee for superannuation is \$1,280 a year. In order for one under that system to be eligible for a pension of \$1,250 a year, assuming his maximum salary to be \$2,500 he must approach the age of 60 and he must have at least 30 years of service. If his annuity is subject to the income tax rates presently prevailing, it will be necessary for him, in order to net \$1,250 a year, to receive a pension of \$1,450. What is the effect of that? It will be necessary for that employee then 60 years of age to continue in service for a period just short of 6 years. Six years longer will he have to work than he expected and 6 years longer will a young person be denied employment.

I submit that that is a denial of the very bases upon which pensions are predicated. Further, with respect to the return to the retired employee of any sum in excess of his own personal contribution, I submit that that excess should not be treated any worse than an inheritance. We might very well consider that the receipt by the retired employee of a sum in excess of his own personal contribution is, in fact, a participation by him in an inheritance fund created by him and his fellow employees. What tax do we impose upon an inheritance? We exempt it up to \$60,000 but that which is analogous to it, namely, a retirement annuity paid out of a fund accumulated by the employee and the employer, in the case of a retired employee who is single, is taxed after he receives the first \$600. I say to you, and I submit to you very respectfully, that any bill which is intended to simplify our income tax returns, any bill that is intended to adjust the equities between or among the classes of taxpayers, falls short of its objective if it overlooks that growing band of decent, honest, industrious and hard-working Americans who because of having been able to look forward to a small pension after years of service can now look forward to a diminution of that pension by reason of our failure to recognize the equities of the situation.

The taxation of retired employees' annuities, in my opinion, cannot be justified on any ground at all; cannot be justified on the basis of the revenue which it yields; cannot be justified on the basis of the economic effects upon the community. It cannot be justified, I repeat, in any manner at all.

I certainly hope and I sincerely trust that this great committee of ours, in

which we all can and must and do have the highest degree of confidence, will give serious consideration to the situation in which these people find themselves. Let that committee submit tomorrow at the proper time the amendment that I suggest, and it will thus completely eliminate from our tax structure a class that was never intended to be included, for with the \$1,020 exemption which I propose, the same as the Social Security Act provides, together with the personal exemption of those retired employees, they will not be within the tax group. I think that if we do that we will know that we have further contributed to the building up of our social-security system, and we will certainly not be acting prejudicially to those who long before there was any system of Federal social security had provided themselves for their old age by joining and becoming members of an established retirement system. I certainly hope that this committee will do that. I know that all retired employees join with me in the hope that justice in their case will be done.

Mr. KNUTSON. Mr. Chairman, I yield to the gentleman from New York [Mr. REED] such time as he may desire.

Mr. REED of New York. Mr. Chairman, this so-called simplified tax bill, H. R. 4646, is confined to individual income-tax returns, rates, and definitions. I believe it is quite correct to say that the provisions of the 1943 revenue bill, so far as it relates to individual rates, has been scrapped, and in its place under H. R. 4646 a new system of rates are applied to the incomes of individuals, both normal and surtax rates. I mention this because too frequent reference on the floor or in the committee report as to the existing law and its rates may be confusing rather than clarifying to the average taxpayer.

Previous individual income-tax rates, and procedure under the provisions of the revenue laws enacted during the past 12 years should have no place in this proposed simplification plan. It is the retention and constant repetition of old moth-eaten provisions and criss-cross references that have confused and bewildered the taxpaying public. These confusing provisions and cross references may be necessary for the tax lawyers and tax experts who have a vested interest in tax terminology, but what each particular taxpayer desires is a few clearly stated questions on a tax-return form so that when the questions are answered the amount of his tax liability can be easily ascertained.

I believe that when the provisions of H. R. 4646 are translated into the tax forms, it will be found that a large proportion of the tax-paying population will be relieved of the confusion heretofore resulting from the many technical requirements, bewildering definitions, and labyrinthian questionnaires.

It is no small achievement to frame a simplification measure that under the first year of its operation will, as the report states, "relieve approximately 30,000,000 taxpayers of the necessity for computing their tax"—see page 3, para-

graph (1) of the committee report. That in itself takes care of a very substantial segment of the income taxpaying public.

I do not regard this as a perfect simplification bill but for the time spent in trying to overcome the effect of piling one tax bill upon another, sometimes as many as two or three a year over more than a decade, it cannot be simplified to the extent that the public has a right to demand. I do not say this in criticism of the committee or of the experts from the joint committee, the Treasury, or the Bureau of Internal Revenue because all have, I believe, done their level best within the time available for this important work. What I wish to point out is that as the number of taxpayers constantly increase and the tax burden—as a result of the war and wild and reckless expenditures for nonessential purposes—piles up, it requires the efforts of all patriotic organizations, tax lawyers, tax experts, and the general public to assist in removing the perplexities of the taxpayers resulting from the technicalities that bewilder and confuse them.

One group of 30,000,000 taxpayers, with whom this bill deals, will be required to answer a few very simple questions on the reverse side of the withholding tax receipt furnished to them by their employers. These 30,000,000 individuals are those whose gross income is less than \$5,000 and whose income from sources other than wages subject to withholding does not exceed \$100. They may at their option have their tax determined by the collector, if their income is received from certain sources. To be entitled to this option, their entire income must be derived from dividends, interest, and compensation for personal services. It is contemplated that the form to be used for this purpose, in lieu of the regular tax return, will be the withholding tax receipt furnished by their employer. The collector of internal revenue will figure the tax and then he will bill the taxpayer for the sum due. The taxpayer will have 30 days within which to pay his tax. If a refund is due for excess withholding, the taxpayer will receive a refund.

Then we have the taxpayers who determine their own tax, who are clearly classified in the report, as follows:

#### TAXPAYERS WHO DETERMINE THEIR OWN TAX

All other taxpayers, including those with gross incomes of more than \$100 from sources not subject to withholding and those whose gross income is \$5,000 or more, are required to determine their own tax.

These taxpayers are of three general types:

(a) Taxpayers whose adjusted gross income (generally, gross income less business deductions) is under \$5,000 and whose other deductions do not exceed 10 percent of such adjusted gross income.

Such a taxpayer if he uses the short-cut method of ascertaining his tax, by reading the tax from the simple one-page tax table on the basis of his adjusted gross income, will be automatically allowed a standard deduction of approximately 10 percent of his adjusted gross income. The standard deduction is in lieu of the nonbusiness deductions and certain credits against net income and against tax. The tax table and some examples illustrating its use will be found in table A in the appendix.

(b) Taxpayers with adjusted gross income of \$5,000 or more whose nonbusiness deductions do not exceed \$500.

In the case of such a taxpayer, the standard deduction is \$500. Thus he is not required to itemize and substantiate his nonbusiness deductions. As in the case of a taxpayer whose adjusted gross income is less than \$5,000, the standard deduction is in lieu of nonbusiness deductions and certain credits against net income and against tax.

(c) Taxpayers with adjusted gross income of less than \$5,000 whose nonbusiness deductions are in excess of 10 percent of their adjusted gross income, and taxpayers with adjusted gross income of \$5,000 and over, whose actual nonbusiness deductions are in excess of \$500.

These taxpayers in order to secure the full benefit of their nonbusiness deductions and of their various credits against net income and tax, are required to list them as at present and compute the tax; but the computation of the tax will be considerably simpler than under present law.

It is estimated that not more than one-fifth of all taxpayers will fall within groups "b" or "c" and thus find it necessary or desirable to compute their tax.

I shall not take the time of the House to discuss those provisions of simplification which have been so clearly and ably presented by those who have already spoken on the bill. It is my intention when the bill is finally enacted into law to analyze it by the question-and-answer method, as I have tried to do with previous bills.

There is one approach that has been made toward simplification that may be of interest to the Members. I mention it to show that not only the experts did their best to simplify, but the man in the street was called in to pass on proposed forms. This psychological approach to the tax simplification problem has been very helpful. I may say the test was preponderantly in favor of the plan now before the House.

Perhaps the greatest contribution of this public test of the 1943 law was to find that the "definitions" were the cause of much of the taxpayers' confusion. Among the definitions of which the average taxpayer, according to the survey, complained was the "definition of dependent, especially in its exclusion of the nonworking wife." "Head of family" definition was not clear to the average taxpayer. Then, too, the survey of the man on the street showed that the "footnotes" had a tendency to be ignored, leading to error. It was also discovered by this novel approach to the simplification problem that those called upon to fill out a tax return for the first time, of whom there were millions, had, in many instances, an ingrained fear of filling out a printed form of any kind.

I believe the bill before us, H. R. 4646, has clarified definitions, eliminated others, and, furthermore, that it has gone a long way toward relieving the individual income taxpayers from the confusion mentioned.

The provisions of the bill are effective for 1944 and subsequent years, with the following exceptions:

(a) The withholding provisions of the new bill do not become effective until January 1, 1945.



(b) New withholding certificates are not required until December 1, 1944, in order to put the new withholding certificates into effect.

(c) The provisions of the bill give the employer an opportunity to give effect to changes in status of employees occurring after July 1, 1944, with respect to wages paid during the calendar year 1944. Under the existing law, such changes in status could only be given effect as of the beginning of the next year.

(d) Under existing law, if an individual's income from sources not subject to withholding is less than \$100, a declaration of estimated tax is not required unless his income is \$2,700 in the case of a single man, and \$3,500 in the case of a married man. These requirements as to declarations are continued during 1944. For 1945 and subsequent years, such a person is not required to make declarations of estimated tax unless his income exceeds \$5,000 if single, \$5,500 if married, plus \$500 for each dependent.

I cannot let go unchallenged some statements that have been made here by men for whom I have the highest regard. There was a great and we might say bitter fight here over the so-called modification of the Rumpl plan. One thing the public knows, no matter what is said on the floor of the House, and that is that had the plan been carried out as prepared by the gentleman from Kansas [Mr. CARLSON] it would have cleared the atmosphere. This unforgiven portion that the opponents of the Carlson plan hung on to like grim death has added to the taxes and the confusion of the people.

The other proposition was the Victory tax. When you compromise with a principle it always raises difficulties. This Victory tax was just simply a side-stepping of a sales tax; it was not put in the tax law by the House. The result has been a series of bewildering complications in the bill.

Mr. KNUTSON. Mr. Chairman, will the gentleman yield?

Mr. REED of New York. I yield to the gentleman from Minnesota.

Mr. KNUTSON. The part of the Rumpl plan that was adopted by the House acted as a 12½-percent increase for the years 1944 and 1945.

Mr. REED of New York. Yes. The gentleman knows that we fought for hours and hours in conference and did our best to try to clear the atmosphere and get rid of it all and have a clean slate. If we could have done that, there would have been none of this confusion.

Mr. KNUTSON. The gentleman also knows that if we had adopted the full plan 100 percent, the Treasury would not have lost a nickel.

Mr. REED of New York. Everybody knows that, we would not have lost a cent as time went on.

Mr. REES of Kansas. Mr. Chairman, will the gentleman yield?

Mr. REED of New York. I yield to the gentleman from Kansas.

Mr. REES of Kansas. The gentleman suggested that a public test was made, I assume, to try out some of the proposals in this measure.

Mr. REED of New York. There were several proposals to which the tests were applied.

Mr. REES of Kansas. That is the only chance the public had to be heard on this bill?

Mr. REED of New York. They had a very thorough chance. The committee wanted to get this work done as quickly as they could. It was a job for experts, based upon the returns and the criticisms that had come from the public to the Treasury and to the Internal Revenue Bureau. If you had permitted 5,000 witnesses to come here, they would not have presented a single thing to this committee, in my judgment, that those three departments did not already have in their files. The tests made confirmed the truth of this observation.

Mr. REES of Kansas. The gentleman has stated that this measure will simplify and take care of a lot of problems that we got into by adopting previous measures. It must be admitted, however, that it is going to create a greater burden on the employers in the way of keeping accounts for the employees, as my colleague the gentleman from Kansas has suggested.

Mr. REED of New York. In view of the time we had to work, I think that is the price that had to be paid for simplification. I do not see any other answer to it myself. Some price has to be paid to have this simplified so that the average man can have a break.

Mr. REES of Kansas. But we are shifting a good deal more work onto the employer by the passage of this bill.

Mr. REED of New York. I think that is true. Of course, that will probably bear a little more on the smaller employer than on the big one, who has a large bookkeeping set-up and all the mechanical devices necessary to take care of payroll deductions which the laws require.

Mr. MILLS. Mr. Chairman, will the gentleman yield?

Mr. REED of New York. I yield to the gentleman from Arkansas.

Mr. MILLS. On the point raised by the gentleman from Kansas, if there is an increased burden on the employer, and there is under the graduated plan of withholding, it results from the increased number of employees from whose wages the employer must withhold the tax.

Mr. REED of New York. I believe all of us are apt to forget this. I think the Members of the House must appreciate by this time the terrific burden that has been carried by the 25 members of the Committee on Ways and Means. Perhaps these remarks would come with a little more grace from somebody else, but I am well aware of what the members of the committee have had to face. I have not had a chance to get home, not even for 1 day, for almost a year. It just could not be done without neglecting my work. The members have to stay on the job long, grueling hours. The most remarkable thing is the way our good chairman stands up under the strain. It is a hard task. You have to take very good physical care of yourself to stand the strain of working out these tax bills.

We have been in almost constant session on revenue bills and these are not the only pieces of legislation we have had to handle. In a period of practically 10 years, this is the eighteenth revenue measure, so-called, revenue or simplification or whatever you want to call it, that we have handled. All of these measures require an infinite amount of study and exploration in order not to do injustice to this group or that group. It is hard to realize the full extent of that responsibility unless you were to be on the committee and hear these tax experts who come before the committee to tell their technical story. It has been a hard, terrific job. I think we have done a fairly good job. I think it is going to help many millions of taxpayers.

Think of it. We had only 5,000,000 or 6,000,000 individual income taxpayers a few years ago, and today there are over 50,000,000. Just think of the mechanical work of handling any such load as that, all these 50,000,000 returns. Here we are putting the load of figuring the taxes of 30,000,000 people on the Bureau of Internal Revenue. I think the Government with the aid of the Ways and Means Committee is really trying at this time to do a satisfactory job.

Mr. CARLSON of Kansas. Mr. Chairman, will the gentleman yield?

Mr. REED of New York. I yield to the gentleman from Kansas.

Mr. CARLSON of Kansas. Mr. Chairman, I would just like to state that I think the Congress and the country is indebted to the gentleman from New York for the very fine work that he has done on past tax bills in working out the question-and-answer booklet or pamphlet of information, which has been most helpful to everyone.

Mr. REED of New York. I thank the gentleman for those kind remarks. I have really enjoyed doing it, because I have always received great cooperation and help from all of the members of the Ways and Means Committee and from members of all committees of the House. It helps me, because I get to understand the law much better by going through it by question and answer.

Mrs. ROGERS of Massachusetts. Mr. Chairman, will the gentleman yield?

Mr. REED of New York. I yield to the gentleman from Massachusetts.

Mrs. ROGERS of Massachusetts. I, too, would like to add words of appreciation for the very fine and wonderful work and honest presentation of the facts by the gentleman from New York [Mr. REED]. It has been very helpful. He has been an indefatigable worker and has rendered great assistance.

Mr. REED of New York. I appreciate the gentleman's remarks very much.

Mr. DOUGHTON. Mr. Chairman, I yield such time as he may care to consume to the gentleman from Arkansas [Mr. MILLS].

Mr. MILLS. Mr. Chairman, your Committee on Ways and Means brings to you a bill, H. R. 4646, in answer to the widespread demand and need for simplification of the individual income-tax returns. The committee and experts have labored long hours per day from

February 9 last to prepare this version of simplification.

It was decided that the method contained in this bill is the only practical one for accomplishing the purpose under certain objectives of the committee.

The bill relieves the great majority of taxpayers from the necessity of computing income tax, simplifies the returns of the remaining taxpayers, reduces the number of persons required to file declarations of estimated tax, and eliminates some uncertainties and difficulties in making required estimates of tax.

The taxpaying problems of farmers are reduced by moving the date for filing the estimate backward from December 15 to January 15. As a result a farmer as defined by the bill is permitted to receive all his income for a calendar year before he is called upon to think of his tax for that year.

The same change will be of great benefit to small businessmen since they can, under the bill, correct the original estimate after the business year has closed and an opportunity has been afforded to learn what has actually happened to the business of the taxpayer.

I am proud of the work done by the committee. The taxpayers, when they see the new forms that will result from this bill, will be highly thankful to the Congress for its action.

Mr. DOUGHTON. Mr. Chairman, I yield such time as he may care to consume to the gentleman from Louisiana [Mr. MALONEY].

Mr. MALONEY. Mr. Chairman, the so-called tax-simplification bill that is now being considered is the result of the conscientious efforts of many who have given serious study to the problem of simplification.

The purpose has been to make changes in the law that would be practicable and would be reflected in the simplification of tax returns and, at the same time, not reduce the aggregate income to the Federal Government.

The need by the Federal Government for funds has increased tremendously as the years have gone by and has now reached the stage where it is very necessary that we must maintain a high credit. Therefore, income must not be permitted to lag too far behind expenditures. To do this you can see that taxes must continue high, and to many, I fear, they are now just short of confiscation. With high expenditures to continue and no diminution in sight, we can expect heavy taxes for a long time; and so that this tax load can be borne it is very evident that our recourse lies entirely with our ability to maintain our national income at a high level.

Today, with taxes for the Federal, State, county, and cities, plus the contributions for charity and public organizations, the aggregate has passed one-third of the national income, or, in other words, a little over 33 1/3 cents out of every dollar received is going for taxes. With this great need for increased income it has been found necessary that the personal exemptions be lowered so more taxpayers could participate in the contribution to their Government. This has been

done, and brought in millions of new taxpayers, and to these many taxpayers the making out of a tax return is something new and most difficult.

As persons' incomes are derived from many sources, it has been necessary that the laws be so written that they will apply to all cases. This multiplicity of provisions in the laws, of course, has added much confusion to the taxpayers' efforts to obtain a clear understanding of the law, and is very perplexing to him when the time for making out the return arrives. It is to this subject that the committee addressed itself seriously, and I do believe has made many substantial and fundamental improvements in the tax structure that will be very helpful to the taxpayer when making out his return.

If this proposed legislation, as now considered, is approved, I am sure that it will remove vexatious moments from a great number of taxpayers' minds when computing their returns.

Personal exemptions instead of having three different base figures which require three separate calculations in arriving at taxes due, has been set at one figure of \$500 for the husband, \$500 for the wife, and \$500 for each dependent. This has simplified the calculation very materially. Where the husband and wife lose a little in the exemption, the dependent increases some—in addition, thereto, the dependent has been redefined, the age is not a barrier—if a child is a dependent, no matter what the age, the exemption will be \$500. This has been sought after by many who have children going to school over the age of 18.

The Victory tax and the earned-income credit have both been abolished. The amount of the income from the Victory tax has been continued by an adjustment in the normal tax. Including these changes, the tax burden has had very little change. However, there are some brackets that will show a small increase, and others a slight decrease, while still others will remain about the same.

Again, a very worth-while change has been made in that an estimated 30,000,000 taxpayers will not have to file any return at all. These taxpayers who come in the classification of having their employer withhold their taxes will receive a certificate at the end of the year from the employer indicating the deductions for the year, which certificate the employee will sign and send to the collector of internal revenue where it will be adjusted up or down if need be, and the collector will so advise the taxpayer.

Another improvement that will facilitate many taxpayers is the scale by which taxpayers whose incomes were from certain sources and did not exceed \$3,000, could file a short-form return and refer to a schedule of rates applying to the bracket for the specific income, and at a glance determine the amount of tax. This phase of the law has been changed to include those with incomes up to and not exceeding \$5,000.

There are other changes such as treating a farmer a bit more liberally in his definition and declarations, and some

other provisions in the bill that have made slight corrections that are going to be most beneficial. There is no reason why this work of simplification should not receive continued attention so that changes can be made whenever it is found that they would be of benefit.

It may also be well that some studies would be given to the corporation tax structure, as well as the estate and gift tax structures. It would seem to me that in the past number of years, the tax demands and changes in these three branches of income have been such that changes could be found that would materially make for simplicity and economy both to the taxpayer and the Federal Government.

Mr. KNUTSON. Mr. Chairman, I yield 15 minutes to the gentleman from Nebraska [Mr. CURTIS].

Mr. CURTIS. Mr. Chairman, it has been said here that the country was demanding tax simplification. That is true. The demand was just and the people are entitled to relief. However, the fact that there is a demand for simplification does not mean that the people are demanding that justice be sacrificed for the sake of simplification in our tax structure. It is true, the people are demanding that they file fewer income-tax returns and reports and that these reports be understandable. It is not true that any great numbers of people have demanded that they file no income tax returns at all.

Serious trouble arises when we attempt that. It is attempted in this bill. It may be in the interest of simplification to treat people in herds rather than as individuals, but it is neither just, fair, nor honest and it violates all the sacred principles involving the rights of an individual. The country will rejoice over the fact that fewer tax returns are to be made. By and large, they will welcome and approve the improvements that the committee has made with respect to individual and family allowances. This has been simplified by making the allowance for a family of four, four times what it is for one, or twice what it is for a family of two, or one-half what it is for a family of eight.

The people will approve of the repeal of the Victory tax. The people will approve of the combining in the returns of the surtax and normal tax, so that the computing of the tax will be easier. There are other features, all of which have been ably discussed on this floor.

Many members of the Committee on Ways and Means have been very sympathetic to the problem of religious, educational, and charitable institutions which are dependent upon contributions. These same committee members have been anxious to help the individual taxpayer who is a contributor to these institutions. I would especially mention the gentleman from California, the Honorable BERTRAND GEARHART. He has been a ready and willing exponent for the cause of tax-exempt contributions. He is the coauthor of a bill which the gentleman and I introduced dealing with this subject. He has made valuable suggestions, and in spite of the heavy load of other official duties and other details of the tax



program, he has rendered a valuable service in this cause.

I am not satisfied with, nor do I approve of the way that the pending bill handles the deductions for contributions to educational, religious, and charitable institutions. Throughout the history of the income-tax law in the United States an individual's income, if he gives it away for the public good is exempt from taxation—that is, up to 15 percent of his income. It has been the basic policy in America that our tax program is one that considers a gift to the U. S. O., the Red Cross, a children's home, a hospital, a home for the aged, a college, a mission, a church, or any other institution rendering service and mercy, an expenditure for the public good, and, therefore, exempt from taxation.

The matter of deductions for charitable contributions became a problem with the adoption of the withholding tax. Under the withholding tax the money is withheld for the tax gatherer before the wage earner ever receives it. For the years 1943 and 1944 no widespread harm will come to contributors in seeking their reductions, because for the most part the withholdings for those 2 years will not cover the total tax due. The pending measure accentuates the problem. We have before us a proposal which provides that for possibly 30,000,000 people their entire tax bill will be handled through the withholding. They will file no return at all.

Let us consider how the subject of contributions is treated in the pending bill with respect to that group. The bill provides that every wage earner whose income is less than \$5,000 shall have a blanket deduction of 10 percent as a matter of right. This includes interest and taxes and contributions. Those earning over \$5,000 are entitled to a flat deduction of \$500. This means, in effect, that the individual who gives nothing, receives a deduction for it. The same individual may not pay any interest or State taxes either. This bill, when carried into effect, means that the individual who gives a portion of his hard-earned money in contributions will have the same amount of taxes withheld from his wages as if he had given nothing. May I cite a few illustrations?

Mr. A and Mr. B have the same number of dependents. They both are wage earners, drawing \$3,000 a year. Mr. A gives \$300 to religion and charity. Mr. B gives nothing. Under this bill, the same amount of taxes are withheld from their wages. Had Mr. A, instead of working hard and giving his money away for the public good, been guilty of absenteeism and had stayed away from his job, so that his earnings were only \$2,700 instead of \$3,000, the amount of taxes taken out of his wages would have been lessened.

We will take another example. Two individuals are employed in the same defense plant. They make \$4,800 a year each. One is a drifter. He pays no local or State taxes, pays no interest, and contributes nothing. Under this bill, he gets a 10-percent blanket deduction. The other individual belongs to a church that

pays a tithe. He contributes \$480 a year to religious institutions. Suppose that he is buying a home and he is paying interest of \$200 a year and that his taxes are \$200 a year. He has total deductions of \$880. Yet the same amount of taxes are taken out of his pay check as the individual who earns the \$4,800 and has no deductions. Is there anyone in America who approves such an injustice in the name of simplification? Now, it is true that these wage earners whose deductions run more than 10 percent may at the end of the year file a return and ask for a refund. That is unfair. It puts them in a position that they must pay taxes on exempt income, then file a claim for a refund and wait.

I hold in my hand a clipping from the Washington News from March of this year. It is entitled "Lucky 16,000,000 to Get Rebates on Income Tax." It quotes Commissioner Joseph D. Nunan, of the Internal Revenue Bureau, as saying, "We expect that 16,000,000 taxpayers will be entitled to rebates and we hope to make every refund by November." There has been talk here on the floor about a prompt refund. We have only had the withholding tax in effect for less than a year and already there are 16,000,000 people expecting a refund.

With the passage of this bill and the increased withholding therein set forth, the job of making refunds will indeed be a happy sight to those bureaucrats in Washington who love to see bureaus grow and grow. In the meantime, those poor, unfortunate individuals known as taxpayers, wait and wait and wait.

The pending bill has aroused the concern of millions of people and countless organizations throughout America. The United Stewardship Council, representing 21 denominations and 24,000,000 Protestant Church members, countless individual churches and clergymen, the Council on Taxes and Philanthropy, a number of Catholic churches and organizations, the American Association of Colleges, and innumerable people have protested this bill. I could quote at length from letters from educators, clergymen, and other churchmen, but that is not necessary. I want to read to you what one of Nebraska's outstanding lawyers has to say about this. It is the Honorable Paul F. Good, former attorney general of Nebraska. Speaking of the provisions of this bill, he said:

This is a radical departure from previous practice, which allowed such deductions only when the contributions were actually made. In effect, this completely abolishes deductions for church and charitable contributions, since it is a valid abatement to everyone regardless of whether or not the contributions have actually been made.

Permit me to quote from a very recent article by George E. Sokolsky, that well-known writer and exponent of rugged individualism and genuine Americanism:

There is no sounder income-tax loss than charity. For it is a total gain. The great colleges of this country have suffered financial depredations during this war and are in danger of becoming State institutions, which would be a national calamity of the first order.

The case of the institutions dependent upon contributions and the case of the individual who contributes to those institutions have been presented to the Treasury Department on several different occasions. Conferences have been had with many of the so-called technical experts connected with the Treasury Department and the Bureau of Internal Revenue. Nationally known citizens, such as Bishop Edwin H. Hughes, of the Methodist Church, Dr. Guy E. Snavely, of the Association of American Colleges, and Dr. Charles Vickrey, of the Golden Rule Foundation, have carried this case directly to Henry Morgenthau, Jr., Secretary of the Treasury. They also conferred with Randolph Paul and other officials serving under Mr. Morgenthau. The answer of this administration to the request of these people has been "No." This administration, which has piled taxes upon taxes upon the shoulders of the American people, has chosen for all practical purposes to disregard the principle that that portion of a man's wages that he gives away up to 15 percent should not be touched by the tax gatherer. Can it be possible that the master minds behind the scenes who determine the policy for the Treasury Department and all other branches of government want to cripple all of these worth-while institutions so that they must come to the Federal Government for a subsidy?

This administration must take the responsibility for this very unjust blow to millions of taxpayers. The administration spokesmen have jumped from one argument to another in opposition to any move to give consideration whereby the wage earner who made heavy contributions would have less taxes taken from his pay envelope. They have shouted "administrative difficulties" without being specific. Do the Bureau of Internal Revenue and the Treasury Department exist to serve the taxpayers or do the taxpayers exist to serve these bureaus? They have produced all sorts of phony arguments, among them that the employers of the country were opposed to such a thing. Yet many employers were urging that relief be granted along this line.

In a letter dated January 22, 1944, the general counsel of the Treasury Department says that to permit a smaller withholding to be made because an individual gives to charity is a matter that cannot be handled where pay rolls are made out by mechanical means. This argument was taken up with the manufacturers of calculating machines and check-writing machines. These concerns say that that contention is not true; that they do make deductions for bond drives, union dues, social security, the withholding tax and other items; and that these machines could handle a tax plan where credits were given for contributions made.

The fact of the matter is that this administration has deliberately chosen to treat all wage earners alike, so far as their contributions are concerned. This administration, whose philosophy is a Government subsidy for everyone in this country and around the world, is placing

many splendid institutions in a condition where they might be receptive of a Government subsidy. This New Deal administration which is nourished and fostered in the philosophy of big government and little individuals is marching along with a tax bill that treats American wage earners in herds and not as individuals.

Every time the representatives of educational, religious, and charitable institutions have presented their case to the Ways and Means Committee or the Senate Finance Committee, the Treasury Department, speaking for the administration, has appeared on the scene and blocked all efforts to grant any relief. It is un-American. It is totalitarian. It is discriminatory. For several generations, the American people will be slaves of the Government to pay the taxes made necessary by reason of the debts of the Roosevelt administration. Throughout many, many years to come, humble wage earners will have to work one-fourth of each day for the Government before they get to earn anything for themselves and their loved ones. Wage earners in the higher bracket will have to work until noon for the Government tax gatherers before they can start to earn for themselves and their families. Individuals in the high-income bracket will have to labor until the day is almost done for the tax gatherer and then a short while for themselves. This autocratic, ruthless, top-heavy, bureaucratic institution, known as the New Deal, is not satisfied then. They want to withhold a tax on exempt income that is given to the churches, the colleges, the hospitals, the orphanages, the Red Cross organizations, and every other institution that makes life better.

Mr. ROWE. Mr. Chairman, will the gentleman yield?

Mr. CURTIS. I yield.

Mr. ROWE. I am a little perplexed. I take it that the gentleman does not object to the provision in the bill wherein the tithe or 10 percent is granted to the one making contribution to religious or charitable institutions, nor does he object to that part of the bill where he is permitted to file an additional return, claiming more if he gives it?

Mr. CURTIS. The gentleman is in error as to what is in the bill. I object to any blanket or average deduction. I object to treating people in herds rather than as individuals. The only just way to do this is to give a man the deductions to which he is entitled, no more and no less.

Mr. ROWE. I am sure if the gentleman is aware of the fact that I am trying to seek information he will not preclude any equation I may present.

Mr. CURTIS. Certainly.

Mr. ROWE. If an individual can file a return claiming anything in addition to the 10 percent which is prescribed within the bill, it then resolves itself to an individual privilege, does it not?

Mr. CURTIS. No, not if he is a wage earner, because there is nothing he can do to keep the tax gatherer from taking the same amount of money out of his pay check month after month, regardless of how much he contributes, re-

gardless of how much local taxes he pays, regardless of how much interest he has to pay. He has no control over the amount of money that the tax gatherer takes away before he gets it.

Mr. ROWE. The principal objection of the gentleman is that a person who does not make a contribution is afforded something in excess of relief over the man who does make a contribution?

Mr. CURTIS. Yes. A blanket deduction does no one any good. It is just like you had a club of a hundred members and they are going to assess dues to pay the expenses, and they start out by giving everybody credit for a dollar. It would be of no value.

The CHAIRMAN. The time of the gentleman from Nebraska has expired.

Mr. DOUGHTON. Mr. Chairman, I yield such time as he may care to consume to the gentleman from Virginia [Mr. BLAND].

Mr. BLAND. Mr. Chairman, I ask unanimous consent to speak out of order for 1 minute.

The CHAIRMAN. Is there objection? There was no objection.

Mr. BLAND. Mr. Chairman, on Friday and Saturday of this week, May 5 and 6, I shall be compelled to be absent attending the meeting of the Board of Visitors to the United States Coast Guard Academy, at New London, Conn. I wish to announce that if I were present I should vote for the tax-simplification bill and also for House Resolution 521, creating a select committee to make an investigation relating to the seizure by the United States on April 26, 1944, of property of Montgomery Ward & Co. I shall be unavoidably absent for the reasons stated.

Mr. KNUTSON. Mr. Chairman, I yield 5 minutes to the gentleman from Kansas [Mr. REES].

Mr. REES of Kansas. Mr. Chairman, I, too, join with other Members on both sides of the aisle in commending the membership of the Ways and Means Committee for the efforts they have made in the preparation and submitting of the legislation we are considering today. I am sure this is evidenced by the fact that there has been little opposition manifested with respect to the intent of this legislation. There is no doubt that the taxpayers of this country are not only desirous of having a more simple method for computing their taxes—they are entitled to it. I hope this legislation will provide the relief the sponsors of the bill believe it will do.

Mr. Chairman, I want to remind the House that the entanglements and confusion that came about on this tax situation were the result of legislation that was passed by this Congress. I am not blaming anyone for it, but that legislation was approved by the Ways and Means Committee and we followed the suggestion of that committee and supported it. We are now trying to untangle some of that confusion.

Mr. Chairman, I still think that the democratic way of handling such important legislation is to at least permit open hearings. Let it be known that public hearings will be held and give a reason-

able time during which individuals and groups may have a chance to appear and express their views. It would be a healthy thing for the country, as well as for the committee and for the Congress. That is the reason I insisted on yesterday that we should not follow a process of holding executive sessions on a bill and then bring the legislation to the floor of the House under a gag rule whereby we are required to either vote up or down. Since nearly all tax bills come to the floor of the House under a gag rule, the least that could be done is to give the public a chance to be heard.

If the majority of the membership believe certain amendments are good, they will stand. If not, they will vote them down. As I remember the statement of the distinguished chairman of our committee on the floor yesterday, and I do not quote his words exactly, but as I remembered he said, "There was really no justification for having open hearings on the bill." I think that is the statement, or at least the meaning of it.

Mr. Chairman, again let me say that I hope this bill will prove to be as equitable and fair as it is believed to be by this committee.

Mr. KNUTSON. Mr. Chairman, will the gentleman yield?

Mr. REES of Kansas. In just a moment I shall be pleased to. So as a matter of fairness it seems to me the thing to have done was to hold open hearings and let Members like the gentleman from Nebraska [Mr. CURTIS] and others holding similar views have the right to be heard on this legislation.

Now I shall be pleased to yield to the distinguished ranking minority member of the committee who has given this bill careful study and who supports this legislation without any amendments. I have the greatest respect for the opinion of the gentleman from Minnesota.

Mr. KNUTSON. I thank the gentleman. I think what the chairman said on yesterday was that there had been no demand for hearings.

Mr. REES of Kansas. I believe that is right.

Mr. KNUTSON. There is a big difference between demand and justification.

Mr. REES of Kansas. I understood him to say there was such a demand for simplification of the tax laws that there was no justification for open hearings.

That is the way I understood it. In any event all sessions of the committee were executive sessions. I cannot see the justification for such procedure on this kind of legislation.

Mr. KNUTSON. I think the reporter got that wrong; I sat here and heard him.

Mr. REES of Kansas. Mr. Chairman, I believe it ought to be explained that it does not change the situation for the farmer very much for this year except he will file the final declaration for the year on January 15 following the end of the year instead of December 15.

Mr. Chairman, the great majority of people are willing and want to pay their fair share of taxes. It is one of the least



things we can do in times like these. But there are a lot of people who are deeply concerned with respect to the manner in which a lot of this tax money is being used and spent. So long as it goes for the war effort, no one criticizes, but when a lot of it goes for a lot of unnecessary expenditures, there is just cause for complaint.

Mr. Chairman, I want to include a copy of a telegram I received today from the chairman of the Council on Taxes and Philanthropy that expresses the views of that organization with regard to this legislation:

MAY 4, 1944.

HON. EDWARD H. REES,  
House of Representatives,

Washington, D. C.:

New York papers this morning give excellent reports of your protest against undemocratic gag rule in formulation, drafting, presentation, and consideration of H. R. 4646. Our council on taxes and philanthropy commends highly the statesmanship and basic principles of both the withholding tax and a well considered constructive simplification but extreme streamlined simplification railroaded from the offices of the tax collectors in the Treasury through the executive sessions of the Ways and Means Committee and sent to the House of Representatives under gag rule can do inestimable harm possibly to our national revenue but almost certainly to our privately supported philanthropic institutions and to our boasted democratic principles of government.

Congressman DOUGHTON is quoted in this morning's New York Herald Tribune as saying, "There was such a demand for simplification of the tax law that there was no justification for open hearings."

There was a very definite repeated request for hearings, which request was denied. Gag rule was applied to amendments. Why such haste and steamroller methods when bill cannot become effective until after January 1, 1945? A bill with average deduction tables prepared largely for convenience of tax collectors considered only in executive sessions of the committee and presented to the House under gag rule, prohibiting amendments, will not be accepted complacently by 50,000,000 taxpayers and voters.

Moreover, many churches, colleges, hospitals, orphanages, homes for aged, and other privately supported institutions will not be able to continue their full measure of basic service to the people with financial losses inevitably resulting from the present operation of the withholding tax combined with flagrant inconsistencies and injustices hidden from the observance of the public in the illogical if not inadequate averaged deductions in the withholding tables. The easy, stock answer, that any individual may fill out the longer form does not satisfy. This bill is designed to encourage the largest possible number estimated at 30,000,000 to use the short form. Any experienced man knows that only a negligible percent of this vast 30,000,000 are in routine operation and have the initiative and courage voluntarily to secure and fill out the longer form.

The Committee on Ways and Means and House of Representatives may find it far wiser, cheaper, and more statesmanlike and constructive to postpone immediate action and listen to the public before voting rather than face general dissatisfaction and the necessity of costly revision after heavy losses have been encouraged.

We again respectfully request and urge that action on H. R. 4646 to become effective January 1, 1945, be deferred until the committee can listen to representatives of tax-

payers who are also contributors to our indispensable, privately supported, religious, educational, and welfare institutions.

COUNCIL ON TAXES AND PHILANTHROPY,  
GUY E. SNAVELY, Chairman.

Mr. DOUGHTON. Mr. Chairman, I yield such time as he may require to the gentleman from Arizona [Mr. MURDOCK].

Mr. MURDOCK. Mr. Chairman, I am heartily in favor of this simplified form of tax return and shall give this bill my support. This is the third tax bill to be offered us by the Ways and Means Committee during the Seventy-eighth Congress. I voted against the first two tax bills offered and passed in this Congress not because they were heavy tax measures, for if they had been differently drawn I might have voted for them even though they collected more taxes from our people. In fact, this committee offered the House a bill early in 1943 which I think we should have accepted, as it contained needed withholding features and provided a logical and fair plan for getting taxpayers on a pay-as-you-go basis.

Let me say that I have voted for—if my memory serves me right—every tax bill offered by the Ways and Means Committee and enacted into law by the Seventy-fifth, Seventy-sixth, and Seventy-seventh Congresses. I sincerely felt that the tax bill on which we spent so much time last year up until its passage in July was unwise in the form in which it was passed, and I sincerely felt that the tax bill passed in this session of the Seventy-eighth Congress this year was inadequate in the form in which it was passed. Therefore I voted against both, but I think this measure before us now will help greatly to remove some of the bad features of the bill passed in the summer of 1943.

It was to clear the record and place blame where it rightfully belongs that I asked certain questions of the gentleman from Tennessee [Mr. COOPER] earlier today. I feel that the complicated tax form which so disturbed taxpayers last March was a necessary outgrowth and accompaniment of the tax bill which was passed in 1943, and for that reason this simplification measure is a correction of that mistake. I have had many of my friends say to me, "I do not object to the amount of taxes I am called on to pay, but I do object to the complexity of that form required to be filled out." Now, I assume that my friends are sincere, that they do recognize the need of heavy tax burdens now in the midst of this most terrible and expensive of all wars. I think it most unfortunate that we were driven to such a pass in the summer of 1943 that we enacted a law which caused this distress. I want to relieve that mental distress by this measure.

Mr. Chairman, I ask unanimous consent to revise and extend my own remarks in the Record.

The CHAIRMAN. Without objection, it is so ordered.

There was no objection.

Mr. KNUTSON. Mr. Chairman, I yield 10 minutes to the distinguished gentleman from Tennessee [Mr. JENNINGS].

Mr. JENNINGS. Mr. Chairman, this bill is the composite judgment of both Democrats and Republicans and represents a conscientious and nonpartisan effort on their part to afford relief to the millions of taxpayers of this country who have been perplexed, bewildered, and well-nigh beside themselves in their effort to fill out their income-tax forms gotten up by the so-called experts in the Treasury Department of the Federal Government here in Washington.

Not long ago I was addressing a mass meeting of citizens in my district and a man arose. I thought it was his intention to heckle me, but he was really in quest of information. He asked: "Can you tell me why it is that a man of ordinary intelligence cannot make out his income-tax return without almost losing his mind?"

"Well," I said, "I think it is due to the fact that there are so-called tax experts in the Treasury Department who if you gave them a setting of eggs to be hatched would scramble the eggs before they put them under the hen."

It does not help us to weep over the fact that we are in the fix in which we find ourselves. It reminds me of a story. A group of men were talking, among them a colored man. The colored man finally used the expression "the status quo." One of the other fellows said: "Sam, I knew you were a man of intelligence, fairly well read, but it never occurred to me that you understood Latin. Just what do you mean by the status quo?" He answered: "That means the fix we're in."

Now, we are in a fix. When this war began we owed \$61,000,000,000. We shall shortly be compelled to raise the debt limit to \$260,000,000,000. The Federal Government will take from the taxpayers this year \$42,000,000,000, but we cannot carry on the Federal Government, we cannot meet the demands and requests of the people in the communities of the country or fight this war without the payment of taxes. Nobody likes the idea of paying a tax. We do not get clothes, food, or shelter out of taxes, but we get the protection and the facilities of Government. Only the savage pays no taxes. The more highly civilized a people are, the more complicated and diverse the activities of Government, the more demands people make upon their Government, the greater is the necessity for the payment of taxes.

And I wish to pause here to pay my tribute to the distinguished chairman of this great committee. To my mind he is one of the finest embodiments of unfettered, devoted, patriotic Americanism I have ever met in my life; he is full of years and full of honors. He is rich in the esteem and affections of the Members of this House. All the able and distinguished members of this committee have earned and enjoy the confidence of their colleagues. There is not a spectacular work; they must deal with dry and complicated figures, they must deal with, they must wrestle with the complicated questions of the economics of

the country, with all the diverse and perplexing factors that enter into the question of the formulation of a tax measure.

I feel that this bill is a long step toward relieving the people of this country from burdensome detail, a relief they have long been denied. It simplifies in large measure the making out of income-tax returns. It removes from the shoulders of 30,000,000 Federal taxpayers the onerous duty of leaving their places of work where they earn a livelihood and standing in the long lines that we have seen at the Federal buildings in our home cities, when they were undertaking to make out their tax returns. There they stood, away from their place of employment, away from the farm, away from the shop, away from the office, away from the place where they earn their daily bread. This bill relieves 30,000,000 of our people from this necessity of going and standing in long lines like that. Their tax is computed upon what has been withheld by their employers, and that is a great relief. The report admirably summarizes the accomplishments of this measure.

First, it is to relieve the great majority of taxpayers from the necessity of computing their income tax; second, it is to reduce the number of tax computations, third, to simplify the return form; fourth, to decrease the number of persons required to file declarations of estimated tax; fifth, to eliminate some of the difficulties and uncertainties in the making of estimates required for declarations. The bill accomplishes these objects without substantially changing the number of taxpayers or the revenue yield under existing law.

These are all aims devoutly to be wished and I compliment the committee on having reached this goal. We have here a simplified method in providing for the making of tax returns. I think the farmers of the country will appreciate it.

Nobody loves to pay a tax. It is a painful duty. For every right with which a citizen is clothed, he is burdened with a corresponding duty. Rights and duties go hand in hand in this world. May I not say to the taxpayer who finds it hard to pay his or her taxes, bear in mind that we are selling to the people of this country billions of its interest-bearing bonds for the payment of which we pledge the value of every dollar's worth of property in this country. There is just one way a government can have an income and that is to obtain it through taxes paid by its citizens. These bonds must be paid when they mature and the interest as it accrues upon them must be met. There is no Government official who can reach up in the thin air and pull down from nowhere money. It must come from the people. May I say to the taxpayer who is worried about parting with his tax dollars that the parting with his tax dollar is not comparable in any degree to the sacrifice which our fighting forces make, as they fight, suffer, and die all over the world. We invest our money in the security and defense of our Government in return for a tax receipt, and in return for the manifold blessings that

it gives us, has given us, and will give us in years to come. Just think of the sacrifice a soldier, a sailor or a marine makes who invests his life in the defense of our country. When you think about that and when you think about the fact that in your tax dollar you take your stand if not beside him certainly behind him, you do that which insures victory and the liberty of our people. I would rather pay a thousand dollars in taxes, I would rather pay the last farthing that I possess on this earth, than to pay one red cent to Hirohito or to Hitler. That is the proper view to take about taxation. That is the proper spirit in which to approach this question and I believe our people in every walk of life, the businessman, the farmer, the laborer, all of our people take that attitude. I do not like to think of dividing our people into classes. I deplore the fact that we have class consciousness in this country and class hatred, because we are all Americans working and fighting in a common cause.

The CHAIRMAN. The time of the gentleman has expired.

Mr. KNUTSON. Mr. Chairman, I yield 5 minutes to the gentleman from Ohio [Mr. ROWE].

Mr. ROWE. Mr. Chairman, the remarks made by the ranking minority member of the Committee on Ways and Means indicates pretty much the attitude of the House toward the work the committee has done. He said "remarks made by some gentlemen start with great praise for the committee and end up with implied criticism."

It occurred to me this afternoon as various gentlemen spoke how great the petition was that came to my office from the people I serve in the Fourteenth District of Ohio. This petition asked that immediate consideration and attention be given to cutting down the great number of returns that have to be made as well as the complex type of those returns in connection with individual income taxes. I experienced some joy here today to know that the petition from my people is being answered.

Another thought came to me during the address made by my distinguished friend from the State of New York [Mr. KEOGH], who spoke about exemptions for those who are on annuities. I believe he approaches the matter from the wrong angle. If we admit there are annuities for which exemption should be made, we then admit as a society that the annuities themselves are inadequate. When we start exempting anyone from the rule of taxation we begin to erect the fulcrums by which the law eventually becomes a failure. I would rather think, as the gentleman from Tennessee [Mr. JENNINGS] expressed himself, that the payment of a tax goes even beyond a duty. It is a rich privilege. What I pay by way of tax toward this country is my claim upon a part of it as an estate. If I neglect or evade that, of course, I cannot make such claim. No beneficiary of an annuity, with true conscience of his rich estate in America, wants to do less.

I attempted to ask a few questions of the gentleman from Nebraska [Mr. CUR-

TIS] about this matter of exempting payments made to charitable and religious organizations, and the other tax amounts that each person pays. It seems to me that the question comes down to a focal point in his logic that the gentleman was not complaining about the rights under the law. The man who makes tithe to the church is permitted to have a total of 10 percent or as much more as he may validly claim. The fault, as the gentleman sees it, is the law does not force the man who makes no contributions and gets 10-percent exemption, to make his contribution to the religious and charitable institutions.

Mr. CURTIS. Will the gentleman yield?

Mr. ROWE. I shall be glad to yield to the gentleman.

Mr. CURTIS. I certainly did not intend to leave any such idea. Far be it from me to suggest to anybody to make a contribution to anything. What I said was that I opposed a blanket deduction that treated all people alike. I object to this bill because the wage earner who contributes heavily cannot get the amount of taxes withheld from his wages reduced a cent because of those contributions.

Mr. ROWE. I concur, but the logical conclusion from what you say is that the gentleman does not complain about one who gives, but about the one who doesn't and still gets his 10 percent. The gentleman cited the fact that a man might stay out of work as an absentee and reduce his annual income by \$300, and that man was afforded a reduction in his tax the same as the fellow who did contribute to the church and did not get credit for the full amount.

Mr. CURTIS. If he cuts down his earnings by reason of absenteeism at the same time he cuts down the amount of taxes he has to pay.

Mr. ROWE. Yes, if he is under the \$3,000 annual income, but he certainly loses a good portion of his daily wage for the time lost and has less money to pay his tax.

Mr. CURTIS. An individual who stays there and works and does not indulge in absenteeism but gives his wages away does not get his income tax reduced at all.

Mr. ROWE. Is he punished as a result? I would like to commend the committee on this tax bill, and may I say further that I always look with great respect upon the distinguished chairman of the Committee on Ways and Means. If we make the broad exemption about which the gentleman complains both to the man who tithes to the church, educational institution, and pays his other regular taxes, and also the same exemption to the person who does not contribute, it seems to me we have done the constructive thing.

I feel the committee has done this because they want to encourage that man who has never or does not now make contributions, to start doing it.

Next, it seems to me if there could be divine advice coming to this body by a power beyond that of human reason, it would be to give all the chance to support



his church and charities by making the exemption general rather than saying to them, "If you do not give you shall be punished by not having the exemption." This function is for the individual and his conscience, and not for the Congress of the United States.

I think the provisions are broad in their concept. I think it is a splendid job, and it certainly does answer the people who have been petitioning me to get some relief.

Mr. KNUTSON. Mr. Chairman, I yield 5 minutes to the gentleman from Massachusetts [Mrs. ROGERS].

Mrs. ROGERS of Massachusetts. Mr. Chairman, I am going to read to the House a tribute delivered by the great Chief Justice Stone of the Supreme Court today to the late Justice Oliver Wendell Holmes, on the anniversary of the birthday of that great jurist. Both of these great Justices sat on many tax cases. I think this tribute is appropriate at this time because a great deal of the tax we are raising today is for the soldiers. I read to you Chief Justice Stone's tribute to the late Justice Oliver Wendell Holmes:

#### JUSTICE OLIVER WENDELL HOLMES

On this, the anniversary of his birth, I offer my tribute to a great American, whom I had the rare privilege of knowing personally, Justice Oliver Wendell Holmes.

Throughout his judicial service of over 49 years, nearly 30 on the bench of the Supreme Court of the United States, the law, to Justice Holmes, was a living thing, and withal a tool to shape the great ends of justice, always to be adapted to its purpose and its time. He said: "The life of the law has not been logic; it has been experience. \* \* \* The law embodies the story of a nation's development through many centuries, and it cannot be dealt with as if it contained only the axioms and corollaries of a book of mathematics."

But Justice Holmes was more than a great judge—he was a great man. He was a thinker, profound and liberal, in many fields, and always he was typically American. The man who said, "We cannot live our dreams. We are lucky enough if we can give a sample of our best, and if in our hearts we can feel that it has been nobly done," gave in his own life a sample of his best; and it was indeed nobly done. Through four score and 13 years Oliver Wendell Holmes lived a life active and alert, holding fast to his ideals of the law, in which he saw the reflection of life—always true to his deepest convictions.

His friends remember him as a great gentleman and scholar, a man of engaging humor, and a joyous companion.

We remember, too, what was for him an almost sacred memory, that in his youth he had been a soldier, thrice wounded on the field of battle; that he cherished his recollection of the service of our soldiers in the Civil War as a great example of high endeavor and supreme devotion to duty, inspired by a great cause.

His own words, read at his burial in Arlington, come home to us with a new meaning today: "We accept our destiny to work, to fight, to die for ideal aims. At the grave of a hero who has done these things, we end not with sorrow at the inevitable loss, but with the contagion of his courage and with a kind of desperate joy we go back to the fight."

Mr. KNUTSON. Mr. Chairman, I yield 5 minutes to the gentleman from Michigan [Mr. JONKMAN].

Mr. JONKMAN. Mr. Chairman, I ask unanimous consent to proceed out of order.

The CHAIRMAN. Is there objection to the request of the gentleman from Michigan?

There was no objection.

Mr. JONKMAN. Mr. Chairman, today I have introduced a House resolution requesting the representative of the United States on the Combined Food Board to make an immediate report to the Congress of the United States, furnishing such detailed information, as is not incompatible with the public interest, of all its activities, policies, and plans, together with such actions, policies, and plans it contemplates putting into effect, and to submit a similar report each quarter thereafter.

Initially the Combined Food Board was set up by Executive order, with two members—United Kingdom and the United States. The idea originally was that there would be a forum only, with no power to force any decisions or take any action. To operate in Washington, using the personnel of the Bureau of Foreign Agricultural Relations and of the British Food Mission in Washington, to work out recommendations, and so forth. Not until about October 1943 was there any change, nor did the C. F. B. become an effective unit in the food-management picture. At that time the President nominated Marvin Jones to become United States member in place of Secretary Wickard, and Roy Hendrickson was named as his alternate; Lieutenant Colonel Olmstead was named as executive secretary.

At that time it was decided to implement and make the Combined Food Board an active over-all factor in the food picture. Prior to that time the recommendations of the Combined Food Board were neither followed in this country nor by Great Britain; in fact, there did not exist an American food policy or position. To overcome this, under Hendrickson and Olmstead, a Food Requirements and Allocations Committee was set up with membership of all interested Government agencies.

The Combined Food Board recommendations, I am informed, are now heeded and carried out and have the same effect as directives. This places the C. F. B. in the top over-all management of world food supply available to the United Nations. While it is true that no decision can be reached unless it is unanimous, and while it is also true that the food authorities in the respective countries—United States, Great Britain, and Canada—need not follow the recommendations of the C. F. B., there is no record since the reorganization of any instances in which an agreement was not obtained or where the recommendations were not carried out.

The principal weakness of this present set-up lies in the fact that its entire operations are carried on in the dark, the recommendations of the Board or the basis for their decisions are not made public, either to Congress, the industry affected, or the people. Such basic decisions as the use and allocation of shipping space are handled between C. F. B. and the Combined Shipping Adjustment Board, and there likewise everything is in the dark.

In view of the seriousness of the post-war adjustment, not only of production, but of liquidation of surplus and the use of food stocks throughout the world for rehabilitation, it would seem imperative that Congress and the food industry and farmers should be informed and advised as to the policies, plans, and programs of this over-all food-management group.

A situation can arise in the adjustment period following the war where we might find ourselves with our stocks so reduced that we would have nothing for export or world markets in certain commodities, our stocks being drawn off through lend-lease and because of armed-force requirements; while in other countries stocks and supplies would be available to world trade, and as a result we would lose good will established through lend-lease and be out of world markets for the time being, which we have spent years in developing. In other words, we would be economically strait-jacketed by restricted supplies from markets that we had developed in years past, while Allied Nations would become competitor nations having adequate supplies for world traffic.

The Republican Congressional Food Study Committee has given its attention and study not only to the Combined Food Board, but to other similarly constituted agencies created by Executive decree in the first half of the year 1942. I am given to understand that similar resolutions will be introduced by the gentleman from New Jersey [Mr. CANFIELD] as to the Combined Shipping Adjustment Board, by the gentleman from Ohio [Mr. JENKINS] as to the Combined Production and Resources Board, and by the gentleman from Oregon [Mr. ELLSWORTH] as to the Combined Raw Materials Board.

Mr. KNUTSON. Mr. Chairman, I ask unanimous consent that all Members who addressed the House on the tax bill may have 5 legislative days in which to revise and extend their remarks.

The CHAIRMAN. Is there objection to the request of the gentleman from Minnesota?

There was no objection.

Mr. DOUGHTON. Mr. Chairman, I move that the Committee do now rise.

The motion was agreed to.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. HARRIS of Arkansas, Chairman of the Committee of the Whole House on the state of the Union, reported that that Committee, having had under consideration the bill (H. R. 4646) to provide for simplification of the individual income tax, had come to no resolution thereon.

#### EXTENSION OF REMARKS

Mr. JONKMAN. Mr. Speaker, I ask unanimous consent that my colleague the gentleman from Michigan [Mr. WOODRUFF] may be permitted to extend his remarks in the RECORD, and include therein an article from the Washington Star.

The SPEAKER. Is there objection to the request of the gentleman from Michigan?

There was no objection.

## PERMISSION TO ADDRESS THE HOUSE

Mr. CURTIS. Mr. Speaker, I ask unanimous consent that on next Tuesday, at the conclusion of the legislative program of the day and following any special orders heretofore entered, the gentleman from Illinois [Mr. DAY] may be permitted to address the House for 30 minutes.

The SPEAKER. Is there objection to the request of the gentleman from Nebraska?

There was no objection.

## EXTENSION OF REMARKS

Mr. MURDOCK. Mr. Speaker, I ask unanimous consent that my colleague the gentleman from Texas [Mr. LUTHER A. JOHNSON] be permitted to extend his own remarks in the RECORD and include therein a magazine article.

The SPEAKER. Is there objection to the request of the gentleman from Arizona?

There was no objection.

Mr. REES of Kansas. Mr. Speaker, I ask unanimous consent to revise and extend the remarks I made today and include therein a copy of a telegram I received on that subject.

The SPEAKER. Is there objection to the request of the gentleman from Kansas?

There was no objection.

The SPEAKER. Under a previous order of the House, the gentleman from North Dakota [Mr. BURDICK] is recognized for 30 minutes.

## HISTORY OF THE NORTHWEST FARMERS' STRUGGLE FOR A FAIR AND JUST MARKET

Mr. BURDICK. Mr. Speaker, the history of agriculture is marked by the deeds of courageous farmers who have fought corporate greed and selfishness and who have been joined by those who have abandoned the security of business positions to serve those farmers for whom they could afford to give. Such farmers and their loyal allies have often forgotten themselves but never the cause in which they have enlisted.

If there ever was a time when farmers needed a strong voice in Congress it will be on the day peace comes. The enemy is upon them once again, the same old enemy whose avarice and greed has darkened the pages of history. I speak from experience. I have been in this fight for a better day for the farmers of the Northwest for nearly 40 years. I know what a fight that has been. I can remember the day in North Dakota when we were compelled to sell our grain to line elevators only. These line elevators were established on railroad property, and the railroads would not permit the presence of an independent buyer. The line elevators not only did not compete between themselves, but were lined up directly with the railroads, both financially and through overlapping directorships.

Mr. MURDOCK. Mr. Speaker, will the gentleman yield?

Mr. BURDICK. I yield to the gentleman from Arizona.

Mr. MURDOCK. I am glad the gentleman has taken the floor today for this purpose. Is the gentleman including in

his speech now also a workable program for the farmers, one that could be put into practice in time of peace which would give them the right price in the open market and relieve them from the distress of the surpluses which have been their chief burden in former years, before the war?

Mr. BURDICK. I want to say that I have been in this farm movement in my State ever since I was old enough to do any campaigning, and I never heard the farmers complain about the situation unless they had a substitute all ready to put in the place of it. My remarks will contain a substitute, and that is to handle cooperatively the marketing of their products. It is because they united cooperatively to do their selling that they have been attacked year after year by those who had private control over the marketing of farm products.

For example, years ago we built there a cooperative exchange to handle our grain. As soon as it amounted to anything, there began a series of actions in the courts to cripple this institution, because it was infringing upon the private rights of the grain trade, and they wanted to get rid of it. It was only when they appealed to the Federal Trade Commission, set up by the Wilson administration, that the true light of this whole battle was brought out. The Federal Trade Commission made a full report, giving the detailed and nefarious activities of this great grain exchange in fighting the farmers' cooperatives. I shall include in my remarks the final rule and order of the Commission.

Mr. MURDOCK. I assure the gentleman that I have asked my question in all sincerity and in good faith. I want to learn the truth about what is practical and best for the American farmer.

Mr. BURDICK. I know that.

Mr. MURDOCK. Only recently I have heard great business leaders express concern about farmers and make great promises for them. We who represent the farming areas have seen a lot of bouquets handed to the farmer by the industrialists and a great many promises made to him by campaigners on the political platform, but I find that the farmer for the most part has been the forgotten man. I, with the gentleman, am now looking for a realistic program that will work in time of peace as well as in time of war for the benefit of the farmers and thus for the benefit of the whole country. I look forward with interest to the gentleman's presentation.

Mr. BURDICK. I thank the gentleman from Arizona for his contribution.

The farmers of North Dakota year by year had to battle the elements drought, heat, the plague of hail, disease and insects; they also had to battle outside freebooters and financiers. It was the farmers of North Dakota against these foreign interests. And for nearly 40 years I have stood with these farmers, as a cowpuncher, a farmer, a lawyer, a State legislator, and as a Member of this House of Representatives.

Always it has been a fight for the farmers' right to sell their grain for a fair and decent price, to free themselves from the stranglehold of the private grain trade, and to achieve some sem-

blance of independence and economic freedom. That seems little enough to ask for, but the private grain trade always looked on North Dakota as its own private hunting grounds and posted it with "No trespassing" signs. They operated with the same high-handed methods as kings, and even invoked the Minnesota Legislature in 1881 to give them "divine rights" to carry on their rackets throughout the spring-wheat States.

When you go through some 40 years of this, and see the same old gang of private grain traders set out again and again to throw the farmers back into economic bondage and chain them to the stone walls of the Minneapolis Chamber of Commerce, you are apt to forget all the academic niceties of flowery speeches. You are not going to waste time mincing words.

When a gangster tries to hold you up or a sharpshooter tries to take away your home through legal trickery, you fight with every weapon at your command. And that is the way the farmers of North Dakota must feel today as the private grain trade sets out to take away the farmers' cooperatives. That is the same old story every time the farmers of my home State have tried to get together to market their own grain and to save some of the big profits that go into the pockets of a handful of grain traders in Minneapolis.

But before I tell you of the latest attack being made on the farmers and their cooperatives, I want to tell you about the long fight made by the farmers of the Northwest for their rights in the Minneapolis Grain Chamber of Commerce and the Duluth Grain Board of Trade. The grain business of North Dakota long has been in the control of these private grain interests, who have a notorious reputation for having thought of nothing but gain for themselves. They have given no thought to the welfare of the farmers of the Northwest, the fruits of whose labor in fact built Minneapolis.

I know what the fight is all about, and I know something about the history and the facts, as do thousands of farmers.

I would like to quote to you a portion of an editorial that appeared in the St. Paul, Minn., Pioneer Press for January 15, 1929. It was titled "Grain Trade Efrontery." Here is what it said:

The Minneapolis Chamber of Commerce, in the person of some 20 of its members, sponsors a page advertisement to announce the opening of the newest and largest unit in its group of buildings. In the course of surveying with pride the growth and might of the Minneapolis wheat and flour market, these grain traders make some remarkable statements.

They say:

"It (the advertisement) is written in recognition of the stupendous achievements of the great army of Northwest farmers that have made the formation and tremendous growth of the chamber of commerce possible.

"The realization that the success of the Minneapolis Chamber of Commerce is primarily due to the efforts of the agriculturists of the Northwest prompts this acknowledgment.

"This organization, as an association, never sells grain. Its activities have no bearing whatever upon the price of grain."



The farmers of the Northwest grow the grain and dealers of the Minneapolis Chamber of Commerce market it. The middleman who handles the wheat has become prosperous and builds greater and greater monuments to his success. The producer, who is responsible for all this wealth, has not done so well. Contemplating his mortgages or his foreclosure, the grower of the grain has sometimes complained that the dealer takes the fruit of his labor. It should be the other way around. The rich rewards should go to the producer, who now gets only the leavings.

It is fitting that the chamber of commerce, like any other business, should be prosperous, but how about the prosperity of the agriculturists? That seems to have been left for the last. The dispossessed or struggling ruralist will doubtless make a wry face over these laudations for his unwilling contribution to the greatness of the grain trade. He would prefer less praise and more profit.

The members of the chamber of commerce who print this advertisement must have had their tongues in their cheeks when they declared that their activities have no bearing whatever upon the price of grain. The law of supply and demand is theoretically all powerful, but, as everyone knows and as Government experts investigating the Chicago Board of Trade in 1926 discovered, the natural course of the wheat price sometimes gets encouragement one way or the other. The fluctuations on which the grain traders thrive are often disastrous to the farmer who has frequently called for measures to put the market on a more even keel. No effective limitation, however, has ever been tried, nor have these plans been popular with trading and speculative groups. For the chamber of commerce to wash its hands of all responsibility for price movement is a bit of immaculate absolution.

These gracious acknowledgments would come with better grace if some of the gratitude expressed to the farmers had been manifest during their long, bitter, and unsuccessful campaign for economic justice. The grain trade did its share toward that defeat.

The hard-bitten farmers of North Dakota have been subject to the chiseling of the private grain trade for over 60 years, and it was because of the exploitation of our grain farmers that necessity arose for a cooperative grain marketing system.

It was well over 30 years ago that the farmers organized and built their own cooperative-marketing machinery, known as the Equity Cooperative Exchange. They made a courageous fight, but they had the combined resources of the private grain gang to go up against, and it was just too much. That fight was so vicious that the farmers finally were forced to call in the Federal Trade Commission which had just been established under the progressive Wilson administration, whose investigation, after a period of months, disclosed the vicious practices of the private grain trade and the grain exchanges in the northwest and the Federal Trade Commission issued a cease-and-desist order against the leaders of those grain exchanges to quit lying about our cooperative marketing institution.

The Equity Cooperative Exchange was finally forced to go into receivership. I know something about it. I helped to liquidate the old Equity Cooperative receivership, which settled in full with every creditor and out of which was built a new marketing organization.

The reason that the old Equity Cooperative Exchange was forced to surrender was that throughout its entire history, the Minneapolis grain gang, with its private charter from the State of Minnesota, refused to permit that cooperative the privileges of the trading floor of the Minneapolis Grain Chamber of Commerce, a privilege that was essential to the success of the farmers' marketing organization.

Here are the conclusions of the Federal Trade Commission in the case against the Chamber of Commerce of Minneapolis, which were released on December 28, 1923.

The Chamber of Commerce of Minneapolis was ordered to "forever cease and desist"—

From combining and conspiring among themselves or with others, directly or indirectly to interfere with or injure or destroy the business or the reputation of the St. Paul Grain Exchange, or its officers and members, or the Equity Cooperative Exchange, or its officers and stockholders (or other competitors of the respondent chamber and its members) by:

(1) Publishing or causing to be published in any newspaper, periodical, pamphlet, or otherwise, or circulating, or causing to be circulated, orally or otherwise, among the customers or prospective customers of the Members of the St. Paul Grain Exchange, or the public generally, any false or misleading statements concerning the financial standing, the business, or the business methods of the said exchange, its officers, or members, or concerning the said Equity Cooperative Exchange, its officers or stockholders.

(2) Instituting vexatious or unfounded suits either at law or in equity against said Equity Cooperative Exchange with the purpose or intent or with the effect of hindering or obstructing the business of the said Equity Cooperative Exchange or injuring its credit and reputation \* \* \*

(3) Hindering, obstructing, or preventing any telegraph company or other distributing agent from furnishing continuous or periodical price quotations of grain to the St. Paul Grain Exchange or its members, or to the Equity Cooperative Exchange or its stockholders \* \* \*

(4) Passing or enforcing any rule or regulation, or enforcing any usage or custom that prohibits or prevents members of the respondent chamber from conducting their business of dealing in grain according to the cooperative method of marketing grain or according to the patronage dividend plan, like or similar to the method or plan adopted by the Equity Cooperative Exchange.

(5) Denying to any duly accredited representatives of any organization or association of farmer grain growers or shippers admission to membership in said respondent chamber with full and equal privileges enjoyed by any or all of its members or by any or all concerns represented by membership in said respondent chamber of commerce, because of the plan or purpose on the part of such organization or association to pay or purpose to pay patronage dividends or to operate or purpose to operate according to the cooperative plan for marketing grain, namely, the plan of returning any portion or all of its earnings or surplus to its patrons or members on the basis of patronage, whether such earnings or surplus is derived from charging patrons or members commissions or otherwise.

If you were a farmer in North Dakota and went through such battles as this to set up your own marketing system, would

you now believe the words of the private grain trade, no matter how buttered up they are?

Not if you went through that battle to save your cooperative, you would not. Nor would you if you recalled that just 6 years before, in 1915, the Equity Cooperative Exchange engaged in legal battle with the chamber of commerce. That was a desperate and underhanded attempt by the chamber of commerce gang to show that Equity Cooperative Exchange was insolvent. But the victory for the farmers in the courts at Fargo, in 1915, was a great victory for the cooperative movement. The Chamber of Commerce of Minneapolis found out not only that the farmers would fight back but that they had the resources and talents with which to fight.

But out of the ruins of this receivership something bigger and stronger came. I know something about that, too, because I was general counsel for the Farmers Union Terminal Association when it was set up. That was in 1925.

The Farmers Union Terminal Association was set up on true cooperative lines. It had an unprecedented growth. Its growth after all that the private grain had done to destroy the old Equity Cooperative Exchange was a demonstration of the faith the farmers had in the philosophy of cooperative marketing.

But the grain gang, the same private gang that now is leading the fight against the farmers and their cooperatives in the State of North Dakota, had a few more treacherous tricks up their sleeves. One of the sharpest was the infamous Elevator M case. You may never have heard of that case, but every farmer in the Northwest has.

This time the grain gang tried a new attack. Instead of filing any charges against the Farmers Union Terminal Association, the charges were aimed at its management and at the Minnesota Railroad and Warehouse Commission. There were eight charges filed on September 14, 1931, and one of them stated:

Tampering with wheat inspection samples in substituting No. 1 Dark Northern wheat in the samples in place of No. 2 and No. 3 wheat contained therein, and thus securing a false inspection report upon which false warehouse receipts were issued, which it sold to and borrowed money from the Grain Stabilization Corporation, thus defrauding the taxpayer.

It was in St. Paul, before the Governor of Minnesota, that these charges were made and the hearings were held, but the farmers of North Dakota, the farmers of all the Northwest, were to be the goats.

In his closing argument, the counsel for the Farmers Union Terminal Association declared:

A hearing without parallel in the history of this State has now come to the close.

A fraud—colossal fraud—which has clutched at the throats of the farmers of the Northwest for 50 years, has been dragged out into the light of day.

The chamber of commerce and the grain gamblers of the Nation are now on trial before you.

For years the farmers of this country have been fighting for economic justice and for a marketing system which would protect them

from the unjust and gigantic tribute exacted by the grain gamblers of America. . . .

The chamber of commerce and the grain gamblers have resorted to a campaign of propaganda and falsehood against the Farmers Union Terminal Association and the cooperative movement. . . .

The real purpose was to destroy the cooperative movement and to destroy the faith of the people in the laws which have been enacted for their benefit. The chamber of commerce did not dare bring these proceedings in their own name. . . .

The men and women on the farms, in the factories, and homes of Minnesota can follow with ease the slimy, crooked trail which, like a serpent, runs through all these proceedings.

That trail, Your Excellency, leads to the door of the Chamber of Commerce of Minneapolis.

This proceeding was initiated by the chamber of commerce. It reeks with the perjury and fraud of officials and employees of the chamber of commerce. It has but one purpose and one objective, and that is to destroy the cooperative movement of the Northwest.

After holding public hearings for nearly 2 months, the Governor of Minnesota, a sister State of North Dakota, found that the charges of malfeasance and misfeasance against the Minnesota Railroad and Warehouse Commission had not been substantiated and that there was nothing in the record which served to justify any finding of misconduct on the part of the Farmers Union Terminal Association. So that was the end of another attempt by the private grain gang to wreck the farmers' cooperative movement.

Do you wonder, gentlemen, that farmers have a deep distrust of these grain pirates? Even though now they say that they love the farmers and want to help them build their cooperatives. But the farmer knows better than to trust them.

I would like to ask these self-appointed guardians of the farmers of North Dakota if in all their dark and clouded history they ever did a single constructive thing for the farmers of this country. I know a lot of things they did do, but the farmer paid and paid dearly for every one of them.

First of all, I would like to remind you that the grain gang in Minneapolis was directly responsible for the defeat of the McNary-Haugen bill, a bill for which I worked with thousands of farmers and friends of farmers. The Congress of the United States twice passed that bill. Twice President Coolidge vetoed it. Eighty-seven organizations of the Minneapolis grain gang wired President Coolidge to veto the McNary-Haugen bill, and their influence was successful in tipping the scales against Congress and the people.

Agriculture in North Dakota was prostrate for over a decade. But in all that time I never saw any of that grain gang out in North Dakota except to drum up a little business or to foreclose on an elevator or a farm. Otherwise they just camped in their overstuffed chairs and put their feet on their big mahogany desks in the chamber of commerce building. They never lifted a hand to help the farmers.

I know, because I was farming in North Dakota during those depression days. I lived in North Dakota through the drought.

I do not think that any of you have to be reminded what those years were like. When there were crops there were no prices. Then came the years when there were no crops. All agriculture in the Northwest was paralyzed. Farm families were being thrown off the land. Banks and insurance companies were foreclosing right and left.

The Government seemed unable to do anything. So it was that 1932 and 1933 were the years when the hungry and desperate farmers of North Dakota banded together, took into their own hands the means for saving their homes and the homes of their neighbors. They banded together and guarded the farms against foreclosure sales. I will admit that there were none of the niceties of court procedure in saving those farms. They sought a favorable public opinion and got it and the farms were saved. Homes were saved. And the State of North Dakota was saved. No one would dare to gainsay that.

And out of the fight for homes much good came. It brought into sharp focus the plight of the farmers. The Government was compelled to act. It did act. Then came the Federal Emergency Relief Administration, the A. A. A., the mortgage moratorium, the Resettlement Administration, and the Farm Security Administration, and much more.

It forced through a program to rehabilitate the farmers of the Northwest, a program to insure that they might at least have enough food to hold body and soul together. No one who is a man would ever condemn that. It was not charity. It was a program to preserve the agricultural economy of the Northwest. What is more, it was a program also to save Main Street in the Northwest.

This aid by their own Government not only saved the family-type farm in the Northwest, but it also kept the merchants in their stores, the bankers in their banks, the doctors and the dentists in their offices. It kept the cash registers of North Dakota and the Northwest ringing. It kept the lights of rural towns and cities burning. Money that went out into the country to help the farmers came into town to be spent for consumer goods.

Between the years of 1933 and 1939 a total of \$658,248,218.68 was poured into the five Northwest States of North and South Dakota, Montana, Minnesota, and Wisconsin. North Dakota's share was \$199,289,639.56.

This was money spent to put agriculture back on its feet, to return the land to good use, to restore bankrupt farmers to productive farmers. It was a program that worked. And I am proud of what I did, in my small way, to help make this possible.

Now crops are bountiful in North Dakota. For the past several years the Almighty Provider has blessed the State with rain and ideal growing weather. There is an adequate market for crops. Prices are good. The same farmer who 10 years ago was double-crossed by a haywire economic system now for the moment is a free man. The crops he

raised and is raising now furnish our Nation and our allies with much of the food and fiber which have kept us from succumbing to the enemy.

In this period of agricultural prosperity the farmers have been building cooperatives. They have started new ones and strengthened old ones. They have learned well the value of cooperatives in giving them some measure of control over their products in the market places.

This same prosperity also has poured gold into the coffers of the grain gang. If there is anything that gets them worried, however, it is to see somebody else have money. They are alarmed over the prosperity of North Dakota's farmers. When farmers are free and independent, and owe no man, then you cannot throw them into economic bondage and have them do your bidding.

So what are the members of this grain gang doing now?

They are taking tax money to fight cooperatives. They are taking money that they otherwise would pay to the Government in taxes to start another battle. They are dipping into their swollen profits to destroy the cooperative movement. They all say they love the cooperatives. But they want them out of business just the same. Their record is proof of that.

They have rigged up an organization that they call the National Tax Economy Association. They call it the N. T. E. A. They are riding criss-cross over the country, sounding the alarm, trying to make Main Street merchants believe that cooperatives are a menace to them.

They say that they are just interested in having cooperatives pay taxes. They say they just want equality. Shades of the old grain buccaneers and pirates of yesterday. They cleverly cover up the fact that cooperatives already pay taxes, just as any other private business. The grain gang can pay the same kind of taxes, and escape any tax on their profits, if they will just eliminate profits. But can you see them doing that? If they will return their big profits to their customers as surplus, like cooperatives do, they will get equality of treatment. But they do not want that.

The president of this T. E. A. party is Ben C. McCabe. His name crops up now and then. He is a grain commission merchant in the Minneapolis Chamber of Commerce. He is president of the International Elevator Co.

The National Tax Equality Association is the window dressing for far more nefarious plotting. Ben McCabe is the dummy in the store window.

Bennie sends out pamphlets. Here is the kind of stuff the farmers have to read:

Mind you, we aren't against cooperatives. We're for them—we ask only that the same rules of competition apply to them as to us. So don't be disturbed if you are a member of a local cooperative association yourself—a great many of our customers are.

Bennie of the grain gang cries out for equality. Equality, that is all the farmers have ever asked for since the



chamber of commerce started in back in 1883. That was 61 years ago. For 61 years the chamber of commerce has denied the farmer even a look-in at equality. Now the grain gang wants equality.

There was no thought of equality back in 1883 when the chamber of commerce applied to the Legislature of Minnesota and secured a law that conferred upon it remarkable and even amazing powers. This enabling legislation was obtained under the General Laws of Minnesota, 1883, chapter 138. It elevated the Minneapolis Chamber of Commerce to the dignity and authority of a trial court, although remaining within the control and observation of its own members. For instance, the Minneapolis Chamber of Commerce, in arbitrating differences among these members or between a member and an outsider, is authorized to subpoena witnesses, and swear them exactly as in a court of the State, and the awards of its tribunal in such cases, when filed with the clerk of the district court, have all the validity and significance of findings by the court itself. Yet all the proceedings of this extraordinary tribunal are conducted in secret; neither side is represented by counsel and nothing concerning the trial except the award is allowed to reach even the district court.

In other words, what the Legislature of Minnesota did back in 1883 was to erect a new judicial tribunal, affecting the public interests but immune from public supervision, and had clothed it with the attributes of the star chamber.

What chance does the farmer have against such a stacked court? And now Ben McCabe cries out for equality.

But, as I have said, the Tax Equality Association is just so much "eyewash."

It is the respectable partner of the firm. Behind the scenes things go on much as they have in the past. I would like to remind you of the conspiracy to throw the old Equity Cooperative Association into bankruptcy, of the efforts to quarantine its operations, of the Elevator M case.

The grain gang always can find a stooge to do its bidding. These lackeys are always around to pick up a few crumbs. They have a nuisance value. The nuisance of a gadfly that takes your mind off your work.

The most recent and most persistent gadfly for the grain gang is one Ray P. Chase. His record consists of putting out smear pamphlets against liberals and cooperatives, of being sued for libel and settling out of court, and serving one term in this House as Congressman from Minnesota. As an individual he is of no consequence. I hold him up merely as a specimen used by the chamber of commerce to attack the cooperative movement and the leaders of the Farmers Union in the State of North Dakota. He is a snooper. His stock in trade is to file complaints in behalf of his clients.

One of Chase's most recent antics was to file a complaint with the Minnesota Railroad and Warehouse Commission, charging that the Farmers Union Grain Terminal Association was making fraud-

ulent and illegal profits from its grain-marketing operations, and called for revocation of the grain terminal's grain commission merchant's license.

Now, why should Chase show all this concern? He has never farmed. He has never sold a bushel of wheat. He is not a member of the chamber of commerce. He belongs to no cooperative or farm organization. His record in Congress shows that he supported not a single agricultural measure.

I will let the cat out of the bag. I would like to read an article which appeared in the Willmar, Minn., Daily Tribune on the date of April 5, 1944. The editor of that paper is a man by the name of Victor Lawson. He has served many years as a State senator in the Minnesota Legislature, and has an honored record. During his years as a legislator Mr. Lawson observed many things. He was in the State senate at the time of the Elevator M case.

This article lets the cat, and all the cat's kittens, out of the bag. It shows the tie between Chase and some of the grain gang; some of the same members of that gang who were named by the Federal Trade Commission in its cease and desist order were involved in the Elevator M case, and now proudly bear the banner labeled "National Tax Equality Association."

#### THE STORY OF THE FIGHT ON FARMERS UNION GRAIN TERMINAL CO.

(The story printed below is written by a gentleman who is in a position to know whereof he speaks. He is well known to the editor and is not connected with the Farmers Union Grain Terminal Co. We publish it in good faith as a service to the people who should be interested.)

In the latter part of August 1943 five men appeared at the office of the Minnesota Railroad and Warehouse Commission in St. Paul and asked the two commissioners present, Frank W. Matson, chairman of the board, and Commissioner N. J. Holmberg, to hear their complaint against the grain marketing practices of the Farmers Union Grain Terminal Association. Commissioner Rollin G. Johnson was out of the city.

In the group were the following grain commission merchants from the Minneapolis Chamber of Commerce: B. F. Benson of Benson Quinn Co.; J. A. Bolton, of Atwood Larson Co.; Ben McCabe, of McCabe Bros. Co.; Arthur J. Larson, of Hallet & Cary Co.; accompanied by Herbert F. Horner, attorney, who has offices at 451 Chamber of Commerce Building.

These men did not claim to represent the chamber of commerce in the matter they wanted to discuss with the commissioners but did speak as though their mission had the approval and support of many grain commission merchants operating on the Minneapolis grain exchange.

They charged the Grain Terminal Association with fraud and injustice to the grain interests of the State in the buying, selling, handling, and inspection of grain and asked the commission to investigate and determine if their charges are true.

If evidence is found to substantiate these charges they want the commission to prosecute the Grain Terminal Association for using unfair practices and unfair discrimination in the buying and selling of grain, and take the necessary legal action to stop continuation of such methods and practices. Commissioners Matson and Holmberg said the board would consider the matter and determine if there

is sufficient evidence to warrant authorization of an investigation of the Grain Terminal Association's grain sales books and records.

Time passed without the desired investigation being made and Messrs. Benson, Larsen, and Horner again called at the commission's offices on Tuesday, November 16. They were accompanied by A. F. Nelson, of Minnesota Farmers Elevator Association; Frank White, president of the Minnesota Farm Bureau; and Lester F. McCabe, of McCabe Bros. Co.

It is said that among those invited to attend this meeting, but were not present, were: A. C. Remele, of Van Dusen-Harrington Co.; John Brandt, of Land O' Lakes Creameries; W. S. Moscrip, of Twin City Milk Producers Association; J. S. Jones, secretary of Minnesota Farm Bureau; and N. K. Carnes, of Central Cooperative Association. It is said that Frank White was asked to proxy for Messrs. Brandt and Moscrip.

It is hard to conceive that there is any truth in the report that Messrs. Brandt, Moscrip, and Carnes would have any part in promoting the investigation asked for by the grain commission merchants. They have all been active—and still are—in the cooperative movement and are all holding important official positions in cooperative organizations.

The November 16 meeting was held in the large conference room of the commission and lasted about 2 hours. The grain-marketing practices of the Grain Terminal Association were the main topic of conversation. No written or documentary evidence was offered to the commission as proof or to support the charges made.

During the last week in November the commission decided to order investigation of the Grain Terminal Association's grain-sales books and records and selected Leslie J. Burch, an employee in their Minneapolis office, to do the work. He was to receive official authorization and start work Monday, December 6.

In the meantime the commission decided to wait until they consulted Attorney General Burnquist and get his official opinion as to whether or not it is their duty to make such investigation and prosecute if evidence of wrongdoing is found.

The request for the opinion was made Tuesday, December 7, and received by the commission on Monday, January 17, 1944. The opinion contains several pages, but this one paragraph informed the commissioners as to their duty:

"As to whether the cooperative association about which you inquire has failed to comply with the laws enacted for regulation of commission merchants or performed its contract with the members or patrons in a legal and fair manner is, of course, a question of fact to be determined upon proper investigation and hearings before your commission."

On Saturday, January 17, Ray P. Chase, of Anoka, issued a complaint against the commission. He states that he has been informed and verily believes that the commission and some of their employees have known for some time that certain sales practices of the Farmers Union Grain Terminal Association have resulted in large pecuniary profits to said G. T. A. at the expense of rural grain elevators and grain shippers, but made no effort to compel the discontinuance thereof or to proceed against those who are engaged in or who are responsible therefor.

It is reported that unless the commission proceeds with the investigation and prosecution of the G. T. A., the Chase complaint will be the base for court action against the commissioners.

Publications issued by Mr. Chase in the past prevent him from being classified as a friend of the Farmers Union Grain Terminal Association or its general manager, M. W. Thatcher. The wording of the Chase

complaint, and the purpose thereof, fit in so closely with the complaint and the desire of the Minneapolis grain commission merchants that there is much reason to think that Chase and the grain commission merchants have formed an alliance for the purpose of "getting" the Grain Terminal Association.

In the St. Paul Dispatch, January 19, M. W. Thatcher, general manager of the Farmers Union Grain Terminal Association, denies the charges made in the Chase complaint. He states that G. T. A. operates its business under the supervision of one of the best legal firms in the State. He also stated that all records in G. T. A. offices that have connection with their grain transactions are open and available for inspection by properly authorized officials and employees of the commission. G. T. A. will render full assistance to make such investigation complete.

During the G. T. A.'s 4-day annual meeting in St. Paul during December, Mr. Thatcher told about anticipated attack upon G. T. A. and warned its Farmer Union members to be watchful and vigilant against those who seek to destroy G. T. A. through legal and other methods based upon false stories and lack of facts. He said the attack is caused chiefly through resentment against the success and rapid growth of G. T. A. and other cooperatives.

The commissioners say that the grain commission merchants charges, and those in the Chase complaint, are much like the old Elevator M case. This case came before Gov. Floyd Olson, who dismissed it for lack of incriminating evidence. But the commission has started an investigation and will try to get at the truth of this matter. The commissioners want to be fair to all and not injure any grain commission merchant without cause. They also do not want to become innocent parties in a trade war.

Many reports are circulating about the amount of money the grain commission merchants have—or will—raised to be used in destroying the Grain Terminal Association and these rumors sound very fictitious. Some say the "jackpot" contains \$10,000, others \$25,000, others \$100,000, and will be used during the next few months.

It is also reported that the attack on G. T. A. is a part of a Nation-wide attempt by large fuel, oil, banking, insurance, grain, lumber, and other big business groups to destroy the cooperative movement in this country.

The national anticoperative group is reported to have a "kitty" of over \$2,000,000 for use in their endeavor. And the fight will be heard in Congress, in State legislatures, over the radio, published in newspapers and other publications. It will be heard from the public speaker's platform, and will extend into every section of the United States.

It will be a tough fight for survival by the cooperatives but many of them are strong organizations now with rapidly increasing membership and substantial financial backing. They are in much better condition to meet the attack now than would have been the case a few years ago.

That brings us up to date.

I repeat what I told this House 4 years ago:

The organized grain trade of Minneapolis is still at work. They see a chance to weaken the confidence of the farmers of the Northwest in the Farmers Union, and true to form they attack our leaders. This course of action is nothing new—they have been at it for over 40 years. They used to attack the objects and purposes of the organization. Having always failed in that, they now seek the same end by attacking the men who have successfully piloted the farmers' cause. In this they must also fail because their case is built on falsehoods and malicious charges, which time alone will refute. Instead of

weakening this farmers' movement, their attack upon its leaders will revive the same old fighting spirit that has held the Chamber of Commerce of Minneapolis at bay for a quarter of a century, and more—it will revive the fight to mop up the whole nefarious business of grain gambling indulged in by the grain trade. This fight will not end until the farmers of America have a just and open market, riddled of the rats that have gnawed holes in the farmers' grain bin for the last 50 years.

And when I speak thus, I know that any candidate for political office who opposes the grain gang will have to go up against a tremendous slush fund. I know that every effort will be made to defeat him.

But agriculture is in need of a champion, a spokesman. It needs a voice in Congress that will speak, day in and day out, without fail. It needs on the floor of Congress a spokesman such as the late Senator Howell, of Nebraska, who day after day stood almost alone, but day after day took the floor of the Senate to speak for the farmers of this Nation.

To this cause I pledge all my energy, in the hope that the farmers of the Northwest can secure economic freedom and be assured in the post-war period of the security, comfort, and independence that is the American promise to all the world.

It may have been providence, or fate, or just a circumstance of fate, that in 1883, the year that the Minneapolis Chamber of Commerce was elevated to the dignity and authority of a court, M. W. Thatcher was born in Indiana, the son of a Granger, a dirt farmer. George Loftus, the leader of the Equity Cooperative Exchange, was the marked man of the grain gang, and every smear and every attack was aimed at him. On his death, Thatcher took up the farmers' fight, and the grain gang turned its big guns on him.

His voice was raised in defense of the cooperatives in the famous Equity battle in Fargo in 1915. He was called in in 1923 to save the Equity. He was called in in 1926 to salvage the Equity, and out of it he built the Farmers Union Terminal Association, with the aid of the farmers of the Northwest. Out of this organization came other farm cooperatives, the Farmers Union Central Exchange and the present Farmers Union G. T. A.

I have been in Washington since 1934 and am proud of the part I played with Mr. Thatcher in fighting for a just and open market. I call attention here to the debt the farmers owe Mr. Thatcher for his untiring efforts in building a tremendous membership in the Farmers Union; for his industry and sagacity in piloting a great grain terminal association; for his fight before Congress for crop insurance; for his fight to maintain the family farm through the creation of the Farm Security Administration; for his fight before Congress to preserve the soil and make better and safer use of our lands; for his fight to band together the farm consumers, who in turn used these profits to rebuild new towns and villages fast disappearing from the prairies. I am proud to have aided Bill

Thatcher, in his drive to make a happier farm life in North Dakota and other States of the Northwest.

Let the Chamber of Commerce of Minneapolis, the National Tax Economy League, Ray P. Chase, and all the other members of the "cooperative assassination" gang do their worst. The farmers of the Northwest have had a taste of independence; they know the fruits of cooperation—thousands of farm homes have been rescued; they have tasted a new life that they never knew before. These farmers will fight to the last ditch, and while the members of the "gang" think they are fighting a few lone men like Bill Thatcher they will learn in due time that they have taken on a fight against every family-type farmer in the great Northwest.

#### LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to Mr. PITTENGER for Friday, May 5, 1944, on account of important business.

#### SENATE ENROLLED BILL AND RESOLUTION SIGNED

The SPEAKER announced his signature to an enrolled bill and a joint resolution of the Senate of the following titles:

S. 698. An act to amend part II of Veterans Regulation No. 1 (a); and

S. J. Res. 112. Joint resolution authorizing and directing the Fish and Wildlife Service of the Department of the Interior to conduct a survey of the marine and fresh-water fishery resources of the United States, its Territories, and possessions.

#### ADJOURNMENT

Mr. DOUGHTON. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 4 o'clock and 32 minutes p. m.) the House adjourned until tomorrow, Friday, May 5, 1944, at 12 o'clock noon.

#### COMMITTEE HEARINGS

##### COMMITTEE ON THE POST OFFICE AND POST ROADS

There will be a meeting of the Committee on the Post Office and Post Roads on Friday, May 5, 1944, at 10 a. m., for further consideration of legislation affecting rates on the special services in the Postal Service. Hearings will be held.

##### COMMITTEE ON PATENTS

There will be a meeting of the Committee on Patents on Wednesday, May 10, 1944, at 10 a. m., to further consider H. R. 2987, a bill to provide equitable compensation for useful suggestions or inventions by personnel of the Department of the Interior.

##### COMMITTEE ON THE MERCHANT MARINE AND FISHERIES

The Committee on the Merchant Marine and Fisheries will hold a public hearing Thursday, May 18, 1944, at 10 o'clock a. m., on H. R. 2809, to amend section 511 of the Merchant Marine Act, 1936, as amended (ship construction reserve fund).

The Committee on Merchant Marine and Fisheries will hold a public hearing Thursday, May 25, 1944, at 10 o'clock



a. m., on H. R. 4486, to provide for the sale of certain Government-owned merchant vessels, and for other purposes.

Persons desiring copies of the printed hearings when available will please notify the clerk by letter.

Witnesses are requested to notify the Clerk by letter at least a day in advance of the hearing of their desire to testify in order that a list of witnesses may be prepared. Written statements for the record from persons other than witnesses should be submitted a day in advance. Amendments to be proposed during the hearing should be submitted to the reporter in duplicate.

#### EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

1508. A communication from the President of the United States, transmitting deficiency estimates of appropriations for the fiscal year 1943 and prior years in the sum of \$84,604.88 and supplemental estimates of appropriations for the fiscal year 1944 in the sum of \$335,000, amounting in all to \$419,604.88, for the Department of Justice (H. Doc. No. 567); to the Committee on Appropriations and ordered to be printed.

1509. A communication from the President of the United States, transmitting an estimate of appropriation for the American Commission for the Protection and Salvage of Artistic and Historic Monuments in War Areas, for the fiscal year 1945, amounting to \$59,000 (H. Doc. No. 568); to the Committee on Appropriations and ordered to be printed.

1510. A communication from the President of the United States, transmitting a deficiency estimate of appropriation for indemnities, domestic mail, for the fiscal year 1943 of \$150,000, supplemental estimates of appropriations for the fiscal years 1944 and 1945, aggregating \$16,257,000, and a provision making available in the fiscal year 1945 the sum of \$21,000 of the balance in the 1944 appropriation for salaries, Bureau of Accounts, for the Post Office Department (H. Doc. No. 569); to the Committee on Appropriations and ordered to be printed.

1511. A communication from the President of the United States, transmitting a supplemental estimate of appropriation for the Department of Agriculture for the fiscal year 1944, in the sum of \$378,000 (H. Doc. No. 570); to the Committee on Appropriations and ordered to be printed.

1512. A communication from the President of the United States, transmitting supplemental estimates of appropriations for the fiscal years 1937 and 1944, for the Navy Department and naval service, amounting to \$781.62 cash, contract authorization for 1,000,000 tons of landing craft and district craft, and contract authorization in the amount of \$55,000,000 for ordnance facilities, together with a proposed provision affecting an appropriation for the fiscal year 1942 (H. Doc. No. 571); to the Committee on Appropriations and ordered to be printed.

1513. A communication from the President of the United States, transmitting an estimate of appropriation to enable the United States to participate in the work of the United Nations Relief and Rehabilitation Administration, as authorized by the act of March 28, 1944 (Public Law 267), in the amount of \$450,000,000, and a proposed provision authorizing the disposition or expenditure by the President of supplies, services, or funds available under the act of March 11, 1941 (22 U. S. C. 411-419), in the amount of

\$350,000,000 (H. Doc. No. 572); to the Committee on Appropriations and ordered to be printed.

1514. A letter from the Attorney General, transmitting a report stating all of the facts and pertinent provisions of law in the cases of 92 individuals whose deportation has been suspended for more than 6 months under the authority vested in him, together with a statement of the reason for such suspension; to the Committee on Immigration and Naturalization.

1515. A letter from the Acting Secretary of the Treasury, transmitting a draft of a proposed bill to amend the Internal Revenue Code, the Narcotic Drugs Import and Export Act, as amended, and the Tariff Act of 1930, as amended, to classify a new synthetic drug, and for other purposes; to the Committee on Ways and Means.

#### REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. COLE of New York: Committee on Naval Affairs. H. R. 4421. A bill authorizing appropriations for the United States Navy for additional ordnance manufacturing and production facilities, and for other purposes; without amendment (Rept. No. 1415). Referred to the Committee of the Whole House on the state of the Union.

Mr. GRANGER: Committee on Agriculture. S. 1618. An act to amend the acts of August 26, 1935 (49 Stat. 866), May 11, 1938 (52 Stat. 347), June 15, 1938 (52 Stat. 699), and June 25, 1938 (52 Stat. 1205), which authorizes the appropriation of receipts from certain national forests for the purchase of lands within the boundaries of such forests, to provide that any such receipts not appropriated or appropriated but not expended or obligated shall be disposed of in the same manner as other national-forest receipts, and for other purposes; without amendment (Rept. No. 1416). Referred to the Committee of the Whole House on the state of the Union.

Mr. BARDEN: Committee on Education. H. R. 3846. A bill to provide for the education and training of members of the armed forces and the merchant marine after their separation from service, and for other purposes; with amendment (Rept. No. 1417). Referred to the Committee of the Whole House on the state of the Union.

#### PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. COX:  
H. R. 4747. A bill to establish an American mothers memorial commission to prepare plans and estimates of costs for the construction in the District of Columbia of a national memorial to the mothers of America; to the Committee on the Library.

By Mr. HOFFMAN:  
H. R. 4748. A bill to amend section 251 of chapter 8 of title 2 of the United States Code; to the Committee on the Judiciary.

By Mr. ANDREWS:  
H. R. 4749. A bill to permit certain aliens who served honorably in the armed forces of the United States during any period of war in which the United States was engaged to enter the United States as nonquota immigrants, and for other purposes; to the Committee on Immigration and Naturalization.

By Mr. O'CONNOR:  
H. R. 4750. A bill to authorize the use of the funds of any tribe of Indians for insur-

ance premiums; to the Committee on Indian Affairs.

By Mr. JOSEPH M. PRATT:  
H. J. Res. 272. Joint resolution to reduce the tax on admissions to cabarets, roof gardens, and similar entertainments; to the Committee on Ways and Means.

By Mr. CRAWFORD:  
H. Con. Res. 83. Concurrent resolution expressing the intent of Congress in legislation relative to wartime seizure of property; to the Committee on the Judiciary.

By Mr. JENKINS:  
H. Res. 527. Resolution requesting the United States representative on the Combined Production and Resources Board to furnish certain information with regard to the Board to the House of Representatives; to the Committee on Banking and Currency.

By Mr. JONKMAN:  
H. Res. 528. Resolution requesting the United States representative on the Combined Food Board to furnish certain information with regard to the Board to the House of Representatives; to the Committee on Agriculture.

By Mr. CANFIELD:  
H. Res. 529. Resolution requesting the United States representative on the Combined Shipping Adjustment Board to furnish certain information with regard to the Board to the House of Representatives; to the Committee on the Merchant Marine and Fisheries.

By Mr. ELLSWORTH:  
H. Res. 530. Resolution requesting the United States representative on the Combined Raw Materials Board to furnish certain information with regard to the Board to the House of Representatives; to the Committee on Mines and Mining.

By Mr. VINSON of Georgia:  
H. Res. 531. Resolution for the consideration of H. R. 4421, a bill authorizing appropriations for the United States Navy for additional ordnance manufacturing and production facilities, and for other purposes; to the Committee on Rules.

By Mr. CRAWFORD:  
H. Res. 532. Resolution authorizing the Judiciary Committee to prepare a ready-reference list of the powers of the President when acting as Commander in Chief of the armed forces of the United States; to the Committee on Rules.

#### MEMORIALS

Under clause 3 of rule XXII, memorials were presented and referred as follows:

By the SPEAKER: Memorial of the Legislature of the State of Kentucky, memorializing the President and the Congress of the United States to pass a law enabling the ceiling prices on fluorspar to be increased; to the Committee on Banking and Currency.

#### PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. BLAND:  
H. R. 4751. A bill for the relief of J. T. Melson; to the Committee on Claims.

By Mr. HARE:  
H. R. 4752. A bill for the relief of Paul J. Quattlebaum; to the Committee on War Claims.

By Mr. O'TOOLE:  
H. R. 4753. A bill for the relief of Benjamin Zucker; to the Committee on Claims.

H. R. 4754. A bill for the relief of Solomon Schtiernman; to the Committee on Claims.

H. R. 4755. A bill for the relief of Morris Zucker; to the Committee on Claims.

H. R. 4756. A bill for the relief of Charles Zucker; to the Committee on Claims.

By Mr. PHILBIN:

H. R. 4757. A bill for the relief of Mathew Mattas; to the Committee on Claims.

#### PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

5615. By Mr. BARRETT: Petition of Broma L. Nefsy, president of the Woman's Christian Temperance Union, and nine other members of the Woman's Christian Temperance Union of Moorcroft, Wyo., urging consideration and support for the passage of House bill 2082, suspending the alcoholic beverage traffic for the duration of the war; to the Committee on the Judiciary.

5616. By Mr. CAPOZZOLI: Petition of the Jewish War Veterans of the United States, Richmond County Post, 80, to transfer Halloran General Hospital to the Veterans' Administration; to the Committee on World War Veterans' Legislation.

5617. By Mr. CUNNINGHAM: Petition of 283 citizens of Iowa, urging support of House bill 2082; to the Committee on the Judiciary.

5618. By Mr. ELLISON of Maryland: Petition of Andrew J. Tempel and other sundry citizens of the city of Baltimore and State of Maryland, consisting of 276 sheets, containing over 6,000 signatures, opposing the Bryson bill, H. R. 2082, or any other bill of like nature; to the Committee on the Judiciary.

5619. By Mr. GALE: Petitions signed by 2,740 citizens of Minneapolis and vicinity, opposing House bill 2082 which would impose complete prohibition for the duration of the war and 6 months thereafter; to the Committee on the Judiciary.

5620. By Mr. RODGERS of Pennsylvania: Petitions signed by 4,000 residents of the Twenty-ninth Congressional District, protesting against the passage of all prohibition legislation; to the Committee on the Judiciary.

5621. By Mr. MARTIN of Massachusetts: Petition of the City Council of Boston, Mass., favoring passage of House Joint Resolution 117, for national recognition of Patriots' Day on April 19 each year; to the Committee on the Judiciary.

5622. By the SPEAKER: Petition of executive director, Izaak Walton League of America, Inc., petitioning consideration of their resolution with reference to the need for correction of pollution, etc.; to the Committee on Rivers and Harbors.

5623. Also, petition of the secretary, Western Association of State Game and Fish Commissioners, petitioning consideration of their resolution with reference to the passage of House bill 2241, and others; to the Committee on the Merchant Marine and Fisheries.

## SENATE

FRIDAY, MAY 5, 1944

(Legislative day of Wednesday, April 12, 1944)

The Senate met at 12 o'clock meridian, on the expiration of the recess.

The Chaplain, Rev. Frederick Brown Harris, D. D., offered the following prayer:

O Thou God of wisdom, by whom the meek are guided in judgment, Thou hast called us to be fellow workers with Thee. We would face the responsibilities committed to our hands in the daily sense of the eternal. Our strength is unequal to our task. Our insights are not deep

enough for the solving of the tangled tragedy of our ailing world. Our weakness and failure cry out for inner enforcement. Before we can help Thee change the world we know that we ourselves must be changed, lest our hostile spirits, our bitter tempers, our selfish hearts may play traitor to the commonwealth of brotherhood to which our lips pay homage.

May no shoddy or selfish workmanship of ours mar the divine mosaic of Thy will which, day by day, our hands may help to fashion. In tense times that tempt to petulance, grant us the grace of patience, remembering always that courtesy is rarer than courage and that a soft answer turneth away wrath. To a world strewn with ashes of destruction, where tears like rivers stream o'er pain-lined faces, where somber robes of grief and loss mark the passing of dismal days, make us the ministers of Thy healing, the channels of Thy grace, that to those who sit in darkness and desolation there may come beauty for ashes, the oil of joy for mourning, the garments of praise for the spirit of heaviness. Amen.

#### THE JOURNAL

On request of Mr. BARKLEY, and by unanimous consent, the reading of the Journal of the proceedings of the calendar day Thursday, May 4, 1944, was dispensed with, and the Journal was approved.

#### PETITIONS AND MEMORIALS

Petitions, etc., were laid before the Senate, or presented, and referred as indicated:

By Mr. BARKLEY:

A concurrent resolution of the General Assembly of Kentucky; to the Committee on Banking and Currency:

"Senate Resolution 44

"Joint resolution memorializing Congress to pass a law enabling the ceiling prices on fluor spar to be increased

"Whereas fluor spar is a vital and necessary one, highly essential in the war effort; and whereas the present ceiling prices on fluor spar are entirely too low to encourage the proper production of this necessary material: Now, therefore, be it

"Resolved by the General Assembly of the Commonwealth of Kentucky:

"1. That the General Assembly of the Commonwealth of Kentucky memorializes the Congress of the United States that it, at the earliest possible date, take such action as may be necessary to increase by 10 percent the ceiling price of fluor spar, and to take such additional action as may be necessary to authorize and require the approval of such increase, in order to insure a sufficient supply of fluor spar to meet the war requirements.

"2. Copies of this resolution shall be sent to the President and Chief Clerk of the Senate of the United States, the United States Senator from Kentucky, the Speaker and Chief Clerk of the House of Representatives of the United States and the Representative in Congress from Kentucky.

"KENNETH H. TUGGLE,

"President of the Senate.

"HARRY LEE WATERFIELD,

"Speaker, House of Representatives.

"Attest:

"MARY LOU HEEBARD,

"Assistant Chief Clerk of Senate.

"Approved March 20, 1944.

"SIMEON WILLIS,

"Governor."

(The VICE PRESIDENT also laid before the Senate a resolution identical with the foregoing, which was referred to the Committee on Banking and Currency.)

Also by Mr. BARKLEY:

A resolution of the General Assembly of Kentucky; to the Committee on the Judiciary:

"House Resolution 79

"Joint resolution proposing an amendment to the Constitution of the United States relative to taxes on incomes, inheritances, and gifts

"Be it resolved by the General Assembly of the Commonwealth of Kentucky, That application be and it hereby is made to the Congress of the United States of America to call a convention for the purpose of proposing the following article as an amendment to the Constitution of the United States:

"ARTICLE —

"SECTION 1. The sixteenth article of amendment to the Constitution of the United States is hereby repealed.

"SEC. 2. The Congress shall have power to lay and collect taxes on incomes, from whatever source derived, without apportionment among the several States, and without regard to any census or enumeration: *Provided*, That in no case shall the maximum rate of tax exceed 25 percent.

"SEC. 3. The maximum rate of any tax, duty, or excise which Congress may lay and collect with respect to the devolution or transfer of property, or any interest therein, upon or in contemplation of or intended to take effect in possession or enjoyment at or after death, or by way of gift, shall in no case exceed 25 percent.

"SEC. 4. The limitations upon the rates of said taxes contained in sections 2 and 3 shall, however, be subject to the qualification that in the event of a war in which the United States is engaged creating a grave national emergency requiring such action to avoid national disaster, the Congress by a vote of three-fourths of each House may for a period not exceeding 1 year increase beyond the limits above prescribed the maximum rate of any such tax upon income subsequently accruing or received or with respect to subsequent devolutions or transfers of property, with like power, while the United States is actively engaged in such war, to repeat such action as often as such emergency may require.

"SEC. 5. Sections 1 and 2 shall take effect at midnight on the 31st day of December following the ratification of this article. Nothing contained in this article shall effect the power of the United States after said date to collect any tax on incomes for any period ending on or prior to said 31st day of December laid in accordance with the terms of any law then in effect.

"SEC. 6. Section 3 shall take effect at midnight on the last day of the sixth month following the ratification of this article. Nothing contained in this article shall affect the power of the United States to collect any tax on any devolution or transfer occurring prior to the taking effect of section 3, laid in accordance with the terms of any law then in effect."

"And be it further

"Resolved, That the Congress of the United States be, and it hereby is, requested to provide as the mode of ratification that said amendment shall be valid to all intents and purposes, as part of the Constitution of the United States, when ratified by the legislatures of three-fourths of the several States; and be it further

"Resolved, That the secretary of state be, and he hereby is, directed to send a duly certified copy of this resolution to the Senate of the United States and one to the House of